



**LINDEN CHEMICALS  
& PLASTICS INC.**

14 Commerce Drive • Cranford, N.J. 07016 • (201) 272-4000

11199

RECORDATION NO. .... Filed 1425

DEC 14 1979 - 4:00 PM

December 14, 1979

INTERSTATE COMMERCE COMMISSION

9-348A146

Secretary of the Interstate  
Commerce Commission  
Washington, D.C. 20423

No.

Date **DEC 14 1979**

Fee \$ **50.00**

ICC Washington, D. C.

Dear Sirs:

This letter is a transmittal letter as required by 49 CFR § 1116.4. Accompanying this letter are two executed copies of the First Mortgage, Deed of Trust and Security Agreement dated December 14, 1979 [the "Mortgage"] from Linden Chemicals & Plastics, Inc., LCP Chemicals-Georgia, Inc., LCP Chemicals-New Jersey, Inc., LCP Chemicals-New York, Inc., LCP Chemicals-North Carolina, Inc., LCP Plastics, Inc., LCP Transportation, Inc. and Plastic Industries, Inc. to Irving Trust Company and D. W. May, as Trustees.

The names and addresses of the Mortgagors are:

LCP Transportation, Inc.  
14 Commerce Drive  
Cranford, New Jersey 07016

Linden Chemicals & Plastics, Inc.  
14 Commerce Drive  
Cranford, New Jersey 07016

LCP Chemicals-Georgia, Inc.  
Ross Road  
P.O. Box 1558  
Brunswick, Georgia 31520

LCP Chemicals-New Jersey, Inc.  
14 Commerce Drive  
Cranford, New Jersey 07016

LCP Chemicals-New York, Inc.  
Bridge Street  
P.O. Box 98  
Solvay, New York 31520

DEC 14 4 25 PM '79  
FBI - NEW YORK

*C. J. Kappeler*

Secretary of the Interstate  
Commerce Commission

-2- December 14, 1979

LCP Chemicals-North Carolina, Inc.  
Industrial Drive  
P.O. Box 218  
Riegelwood, North Carolina 28456

LCP Plastics, Inc.  
861 North Lisbon Street  
P.O. Box 217  
Carrollton, Ohio 44615

Plastic Industries, Inc.  
2615 N.E. 5th Avenue  
Pompano Beach, Florida 33064

The names and addresses of the Mortgagees are:

Irving Trust Company  
One Wall Street  
New York, New York 10015

D. W. May  
One Wall Street  
New York, New York 10015

We request that you record the Mortgage under the name of LCP Transportation, Inc., 14 Commerce Drive, Cranford, New Jersey 07016.

The Mortgage covers all rolling stock now or hereafter owned by the mortgagors, including without limitation all railroad tank cars now owned or hereafter acquired, and including without limitation the following twenty-seven (27) railroad tank cars with the following identifying marks:

<u>Number of Units</u> <u>Per Group</u>	<u>Identifying Marks</u> <u>From</u> <u>To</u>
1	ACDX067006
1	ACDX068085
1	ACDX068089
1	ACDX068250
1	ACDX068260

Secretary of the Interstate  
Commerce Commission

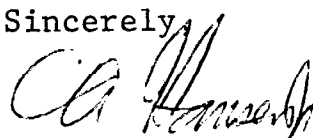
-3-

December 14, 1979

<u>Number of Units Per Group</u>	<u>Identifying Marks</u>	
	<u>From</u>	<u>To</u>
2	ACDX068264	068265
1	ACDX068270	
1	ACDX068275	
1	ACDX068292	
4	ACDX068295	068298
5	ACDX068302	068306
1	ACDX068308	
2	ACDX068313	068314
1	ACDX068316	
1	ACDX068320	
2	ACDX068322	068323
1	ACDX068326	
<u>27</u>		

Please return the original copy to the person  
who is recording the Mortgage by hand delivery, in person.

Sincerely,



C. A. Hansen, Jr.  
Chairman of the Board  
LCP Transportation, Inc.

Enclosures

**Interstate Commerce Commission**

**Washington, D.C. 20423**

**12/14/79**

**OFFICE OF THE SECRETARY**

**C.A. Hansen**

**Linden Chemicals & Plastics, Inc.**

**14 Commerce Drive**

**Cranford, N.J. 07016**

Dear

**Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on at , and assigned re-  
recording number(s). 12/14/79 4:30pm  
11199

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

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LINDEN CHEMICALS & PLASTICS, INC.,  
LCP CHEMICALS—GEORGIA, INC.,  
LCP CHEMICALS—NEW JERSEY, INC.,  
LCP CHEMICALS—NEW YORK, INC.,  
LCP CHEMICALS—NORTH CAROLINA, INC.,  
LCP PLASTICS, INC.,  
LCP TRANSPORTATION, INC.,  
AND  
PLASTIC INDUSTRIES, INC.  
TO  
IRVING TRUST COMPANY  
AND  
D. W. MAY,  
*as Trustees*

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11199

RECORDATION NO. .... Filed 1425

DEC 14 1979 -4 22 PM

INTERSTATE COMMERCE COMMISSION

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**FIRST MORTGAGE, DEED OF TRUST  
AND SECURITY AGREEMENT\***

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*Dated December 14, 1979*

Securing \$27,000,000 11.50% Secured Notes due December 31, 1994,  
\$4,500,000 Term Note due December 31, 1985,  
and  
\$7,500,000 Promissory Note due March 15, 1980

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This instrument drawn by Stephen J. Friedman of Debevoise, Plimpton, Lyons  
& Gates, 299 Park Avenue, New York, New York 10017.

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/s/ *Stephen J. Friedman*

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\* This instrument shall be deemed to be a DEED TO SECURE DEBT AND  
SECURITY AGREEMENT with respect to the Property (as defined herein) situated in  
the State of Georgia.

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**FIRST MORTGAGE, DEED OF TRUST  
AND SECURITY AGREEMENT\***

FIRST MORTGAGE, DEED OF TRUST AND SECURITY AGREEMENT\*, dated December 14, 1979, between and among LINDEN CHEMICALS & PLASTICS, INC. (the "Company"), a Delaware corporation having its principal office and place of business at 14 Commerce Drive, Cranford, New Jersey 07016, LCP CHEMICALS-GEORGIA, INC. ("LCP-Georgia"), a Delaware corporation, having its principal office and place of business at Ross Road, P. O. Box 1558, Brunswick, Georgia 31520, LCP CHEMICALS-NEW JERSEY, INC., ("LCP-New Jersey"), a Delaware corporation, having its principal office and place of business at 14 Commerce Drive, Cranford, New Jersey 07016, LCP CHEMICALS-NEW YORK, INC. ("LCP-New York"), a Delaware corporation, having its principal office and place of business at Bridge Street, P. O. Box 98, Solvay, New York 31520, LCP CHEMICALS-NORTH CAROLINA, INC. ("LCP-North Carolina"), a Delaware corporation, having its principal office and place of business at Industrial Drive, P. O. Box 218, Riegelwood, North Carolina 28456, LCP PLASTICS, INC. ("LCP Plastics"), a Delaware corporation, having its principal office and place of business at 861 North Lisbon Street, P.O. Box 217, Carrollton, Ohio 44615, LCP TRANSPORTATION, INC. ("LCP Transportation"), a Delaware corporation, having its principal office and place of business at 14 Commerce Drive, Cranford, New Jersey 07016, and PLASTIC INDUSTRIES, INC. ("Plastic Industries"), a Florida corporation, having its principal office and place of business at 2615 N.E. 5th Avenue, Pompano Beach, Florida 33064 (LCP-Georgia, LCP-New Jersey, LCP-New York, LCP-North Carolina, LCP Plastics, LCP Transportation, Plastic Industries and the Company being sometimes herein collectively called "Mortgagors")† and IRVING TRUST COMPANY, as trustee,

\* This instrument shall be deemed to be a DEED TO SECURE DEBT AND SECURITY AGREEMENT with respect to the Property (as defined herein) situated in the State of Georgia.

† In each instance where the terms and conditions of this instrument affect Property situated in the State of Georgia, or the obligations of any party conveying such Property to secure the indebtedness described herein, any reference to "Mortgagor" or "Mortgagors" contained herein shall be deemed to read "Grantor" or "Grantors" respectively, any reference to this "Mortgage" shall be deemed to refer to this "Deed" and any reference to the "lien of this Mortgage" shall be deemed to refer to the "security title of this Deed."

a New York banking corporation, having its principal office and place of business at One Wall Street, New York, New York 10015 (such corporate trustee and any successor corporate trustee at the time acting as such under this Mortgage being herein called the "Corporate Trustee") and D. W. MAY, as trustee, having an address at One Wall Street, New York, New York 10015 (such individual trustee and any successor individual trustee at the time acting as such under this Mortgage being herein called the "Individual Trustee") (such Corporate Trustee and Individual Trustee and any such successor trustees being herein collectively called the "Trustees"):

WHEREAS, the Company and The Prudential Insurance Company of America ("Prudential"), a New Jersey corporation, have entered into a Note and Warrant Agreement (the "Note and Warrant Agreement"), dated as of December 11, 1979, which is in the form of Exhibit 1 attached hereto, pursuant to which the Company has issued and sold to Prudential its 11.50% Secured Notes due December 1, 1994 in the aggregate principal amount of \$27,000,000 (such Notes and any notes issued in exchange or replacement therefor being herein called the "Notes"); and

WHEREAS, the Company and Manufacturers Hanover Trust Company ("Manufacturers Hanover"), a New York banking corporation, have entered into a Bank Loan Agreement (the "Bank Loan Agreement"), dated as of December 11, 1979, which is in the form of Exhibit 2 attached hereto, pursuant to which the Company has issued and sold to Manufacturers Hanover its (a) Term Note due December 31, 1985 in the aggregate principal amount of \$4,500,000, and (b) its Promissory Note due March 15, 1980, in the principal amount of \$7,500,000 (such Notes and any notes issued in exchange or replacement therefor being herein collectively called the "Bank Notes"); and

WHEREAS, a portion of the proceeds of the issue and sale of the Notes and the Bank Notes will be used to permit LCP-Georgia, LCP-New York and LCP-North Carolina to acquire from Allied Chemical Corporation ("Allied Chemical"), a New York Corporation, three chlorine caustic plants at Brunswick, Georgia, Geddes, New York and Acme, North Carolina, respectively, in each case together with certain additional real and personal property relating to such plants, and to permit LCP-Transportation to acquire approximately 350 tank cars and a barge from Allied Chemical, all pursuant to an Acquisition Agreement (the "Acquisition Agreement"),

dated December 11, 1979, between the Company and Allied Chemical, for an aggregate purchase price of \$23,500,000 and the assumption of certain liabilities of Allied Chemical pursuant to the Acquisition Agreement; and

WHEREAS, a portion of the proceeds of the issue and sale of the Notes and the Bank Notes will be used to refinance certain promissory notes of the Company and LCP Plastics held by Manufacturers Hanover in the unpaid principal amount of \$9,209,174 (as at December 13, 1979), and in consideration for such refinancing Manufacturers Hanover will release its liens on the Company's chlorine caustic plant at Linden, New Jersey and LCP Plastics' polyvinyl chloride pipe plant at Carrollton, Ohio which secure such indebtedness, and to repay certain promissory notes of Plastic Industries held by Penn Engineering and Manufacturing Corp. and Midlantic National Bank in the respective amounts of \$313,160 and \$455,927.46 (as at December 13, 1979) and in connection therewith to discharge liens on Plastic Industries' polyvinyl chloride plant at Pompano Beach, Florida which secure such indebtedness; and

WHEREAS, a portion of the proceeds will be used for the working capital needs of Mortgagors; and

WHEREAS, the Company has transferred the real property described in Schedule C to this Mortgage and all improvements, fixtures, equipment and other personal property located thereon, related thereto or used in connection therewith owned by the Company to LCP-New Jersey and LCP-New Jersey has agreed to assume the obligations of a Mortgagor under this Mortgage; and

WHEREAS, the Company has covenanted and agreed, pursuant to the provisions of the Note and Warrant Agreement and the Bank Loan Agreement, to grant to the Trustees, for the benefit of the holders of the Notes and the Bank Notes, this Mortgage; and

WHEREAS, Mortgagors desire to enter into this Mortgage to secure the Notes and the Bank Notes in the manner and to the extent provided herein and as an inducement to Prudential and Manufacturers Hanover to purchase, respectively, the Notes and the Bank Notes (herein collectively called the "Secured Indebtedness");

NOW, THEREFORE, in consideration of the premises, Mortgagors do hereby grant, bargain, sell, mortgage, warrant, pledge, assign, transfer,

convey, set over unto and create a security interest in all of their respective right, title and interest in, to and under all of the following property (the "Property") to the Trustees and to their respective successors and assigns forever to secure the payment when and as due and payable of (i) the principal of, and premium, if any, and interest on, the Notes, (ii) the principal of, and interest on, the Bank Notes, and (iii) all other indebtedness and obligations of the Company under the Note and Warrant Agreement, the Bank Loan Agreement (other than the Interim Salt Note, as defined therein) and this Mortgage:

(a) the lands described in Schedules A to E, inclusive, and as Parcel I in Schedule F, attached hereto, subject, however, to Permitted Exceptions (as such term and certain other terms used herein without definition are defined in section 1.01);

(b) all right, title and interest now or hereafter of any Mortgagor in, to and under the Lease (the "Olin Lease"), dated June 1, 1979, between the Jeffson Corporation, as Lessor, and Olin Corporation, as Lessee (a memorandum of which is dated January 20, 1975, filed February 13, 1975 in volume 49, page 544 of the Carroll County, Ohio Records), such Lease having been assigned by Olin Corporation, as Assignor, to LCP Plastics, as Assignee, by an Assignment and Assumption of Lease, dated March 31, 1978 (consented to by Lessor and filed April 7, 1978 in volume 53, pages 942 to 945 of the Carroll County, Ohio Records), and in the leasehold estate created thereby in the lands described as Parcel II in Schedule F attached hereto, subject, however, to Permitted Exceptions, and, in the event LCP Plastics shall, pursuant to the option to purchase contained in the Olin Lease, acquire a fee title in and to the lands described as Parcel II in Schedule F attached hereto, such lands;

(c) all buildings, structures and other improvements now or hereafter located on the lands referred to in subdivisions (a) and (b) above (such lands being herein collectively called the "Lands") and all fixtures now or hereafter attached to, located in or used in connection with any such buildings, structures or improvements (such of the Property as is referred to in this subdivision (c) being herein collectively called the "Improvements");

(d) all machinery, apparatus, compressors, pipes, pipelines, conveyors and other equipment, all furniture and other tangible personal

property now or hereafter owned by any Mortgagor and now or hereafter located on the Lands or in the Improvements or used in connection with any Property or the business of any Mortgagor, including, without limitation, in connection with the manufacture and production of caustic soda, chlorine, sodium hypochlorite, caustic bottle wash, hydrogen gas, brine, bleach, chemicals, polyvinyl chloride pipe and fittings and other products (such of the Property as is referred to in this subdivision (d) being herein collectively called the "Equipment");

(e) all storage vessels, tanks, containers and cylinders located on or in or used in connection with any Property or the business of any Mortgagor, including, without limitation, all such items loaned, rented or leased to or used by or located at the premises of customers of such Mortgagor;

(f) all vehicles and rolling stock now or hereafter owned by any Mortgagor and now and hereafter used in connection with any Property or the business of any Mortgagor (whether or not located on or in the Property), including, without limitation, all automobiles, trucks, tractors, trailers, semi-trailers and other motor vehicles, all barges and the railroad tank cars listed on Schedule I hereto and all other railroad tank cars, and all storage vessels, tanks, containers and cylinders affixed thereto for use thereon;

(g) all rights-of-way or use, servitudes, licenses, easements, tenements, hereditaments, and appurtenances now or hereafter belonging or appertaining to any of the foregoing;

(h) all awards and other payments in respect of any Taking, and all insurance proceeds and title insurance proceeds (whether payable to any Mortgagor or the Trustees or otherwise) in respect of any of the foregoing;

(i) all earnings, income, tolls, rents, proceeds, issues and profits of the Property or any part thereof and all the estate, reversion, remainder, right, title, interest, possession, claim and demand whatsoever, as provided by law or otherwise, of, in and to the Property or any part thereof;

(j) all inventory of every kind now owned or hereafter acquired by any Mortgagor wherever the same shall be located, including all goods, merchandise, raw materials, goods in process, finished goods, materials,

spare parts, fuel and supplies of every nature and description held for sale or lease in the ordinary course of business or furnished or to be furnished under contracts of service in the ordinary course of business or consumed in the business of such Mortgagor, all products thereof and accessions thereto, all documents of title, whether negotiable or non-negotiable, representing any of the foregoing, and all the proceeds thereof of every kind and nature and in whatever form (such of the Property as is referred to in this subdivision (j) being herein collectively called "Inventory");

(k) all accounts receivable, contract rights, chattel paper, notes, acceptances, instruments, documents or other rights to payment and all forms of obligation owing at any time to any Mortgagor, in each such case only to the extent arising from sales of any of the Property referred to in subdivision (j) above or the rendering of any services under contracts of service or otherwise made in the ordinary course of business, all rights of any Mortgagor earned or yet to be earned under contracts to sell any such Property or render services and in all warehouse receipts or documents of any kind in respect of any of the foregoing, and all the proceeds thereof of every kind and nature and in whatever form (such of the Property as is referred to in this subdivision (k) being herein collectively called "Receivables"); and

(l) all liens, guaranties, securities, rights, remedies and privileges pertaining or relating to any of the Property referred to in subdivisions (j) and (k) above, including the right of stoppage in transit (all of the Property described in subdivisions (d) through and including this subdivision (l) being deemed, as between Grantors and Trustees, to be fixtures and accessions to the Lands to the extent that such Property is situated in the State of Georgia);

TO HAVE AND TO HOLD the foregoing, together with all other properties and moneys from time to time included in the Trust Estate, unto the Trustees, their respective successors in the trusts created hereby and assigns, forever;

IN TRUST, NEVERTHELESS, with power of sale, upon the terms and trusts herein set forth, for the benefit and security of all the present and future holders of the Secured Indebtedness;

AND, WITH RESPECT TO THAT PORTION OF THE TRUST ESTATE SITUATED IN THE STATE OF GEORGIA, THIS DEED is intended to operate and is to be construed as a deed passing title to the Property to the Trustee and is made under those provisions of the existing laws of the State of Georgia relating to deeds to secure debt, and not as a mortgage, and is given to secure the payment of the Secured Indebtedness;

PROVIDED, ALWAYS, and these presents are upon the express condition that if the Company, or any other Mortgagor, as the case may be, shall pay the principal of and premium, if any, and interest on the Secured Indebtedness in accordance with the terms thereof and all other sums payable thereunder and hereunder and shall comply with all of the terms, conditions and requirements thereof and hereof, then this Mortgage and the estate hereby created shall cease, determine and be void and of no further force and effect.

THIS MORTGAGE secures property, both real and personal, located in six different states. The lands located in the State of Florida encumbered hereby are insufficient in value to support a loan in the amount of \$39,000,000; therefore, irrespective of anything contained in this Mortgage to the contrary, Mortgagors have agreed with the Trustees that an amount of the Secured Indebtedness equal to \$1,007,374 is secured by the property located in the State of Florida (the "Florida Property"), of which \$580,004 is secured by property subject to the Florida intangibles tax, and, therefore, in the event of foreclosure and sale of the Florida Property, the maximum recovery of the Trustees in the event of the sale of the Florida Property to any Person other than the Trustees will be \$1,007,374, plus such amounts as foreclosure for interest, costs, attorney fees and monies advanced for insurance premiums, taxes and preservation of the Florida Property.

IT IS HEREBY COVENANTED by the parties hereto that the Property is to be held and applied subject to the further terms herein set forth; and Mortgagors, for themselves and their respective successors and assigns, hereby jointly and severally covenant and agree with the Trustees as follows:

## 1. DEFINITIONS

1.01. *Definitions.* As used in this Mortgage the following terms have the following respective meanings:

*Acquisition Agreement:* as defined in the recitals hereto.

*Allied Chemical:* as defined in the recitals hereto.

*Authorized Securities:* (a) commercial paper maturing not in excess of one year from the date of acquisition and rated P-1 by Moody's Investors Service, Inc. or A-1 by Standard & Poor's Corporation on the date of acquisition, (b) certificates of deposit of Summit and Elizabeth Trust Company and other United States commercial banks having a combined capital and surplus in excess of \$100,000,000 and (c) obligations of the United States Government or any agency thereof and obligations guaranteed by the United States Government, in each case maturing not in excess of one year from the date of acquisition.

*Bank Loan Agreement:* as defined in the recitals hereto.

*Bank Notes:* as defined in the recitals hereto.

*Beneficiaries:* Prudential, Manufacturers Hanover and any and all other present or future holders of the Secured Indebtedness at the time outstanding.

*Company:* Linden Chemicals & Plastics, Inc., a Delaware corporation, and any successor or successors to its obligations hereunder.

*Corporate Trustee:* as defined in the recitals hereto.

*Deed:* this Deed to Secure Debt and Security Agreement, as at the time amended, modified or supplemented (by a supplemental deed or otherwise). [This definition shall be applicable only with respect to Property situated in the State of Georgia, or the obligations of any party conveying such Property to secure the indebtedness described herein.]

*Default:* any condition or event which constitutes or which, after notice or lapse of time or both, would constitute an Event of Default under the Note and Warrant Agreement, the Bank Loan Agreement or this Mortgage.

*Destruction:* any damage to or destruction of all or any part of the Property.

*Equipment:* as defined in the granting clauses hereof.

*Event of Default:* as defined in section 4.01.

*Grantors:* the Company and LCP-Georgia.

*Impositions:* all taxes, assessments (including, without limitation, all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof), ground rents, water, sewer or other rents, rates and charges, excises, levies, license fees, permit fees, inspection fees and other authorization fees and other charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen of every character (including all interest and penalties thereon), which at any time may be assessed, levied, confirmed or imposed on or in respect of or be a lien upon (a) the Property or any part thereof or any rents, issues, profits or earnings therefrom or any estate, right or interest therein, or (b) any occupancy, use or possession of or activity on the Property or any part thereof.

*Improvements:* as defined in the granting clauses hereof.

*Individual Trustee:* as defined in the recitals hereto.

*Insurance Requirements:* all terms of any insurance policy covering or applicable to the Property or any part thereof, all requirements of the issuer of any such policy, and all orders, rules, regulations and other requirements of the National Board of Fire Underwriters (or any other body exercising similar functions) applicable to or affecting the Property or any part thereof or any use or condition of the Property or any part thereof.

*Inventory:* as defined in the granting clauses hereof.

*Lands:* as defined in the granting clauses hereof.

*LCP-Georgia:* LCP Chemicals-Georgia, Inc., a Delaware corporation, and any successor or successors to its obligations under this Mortgage.

*LCP-New Jersey:* LCP Chemicals-New Jersey, Inc., a Delaware corporation, and any successor or successors to its obligations under this Mortgage.

*LCP-New York:* LCP Chemicals-New York, Inc., a Delaware corporation, and any successor or successors to its obligations under this Mortgage.

*LCP-North Carolina:* LCP Chemicals-North Carolina, Inc., a Delaware corporation, and any successor or successors to its obligations under this Mortgage.

*LCP Plastics:* LCP Plastics, Inc., a Delaware corporation, and any successor or successors to its obligations under this Mortgage.

*LCP Transportation:* LCP Transportation, Inc., a Delaware corporation, and any successor or successors to its obligations under this Mortgage.

*Legal Requirements:* all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Property or any part thereof, or any of the adjoining sidewalks, streets or ways, or any use or condition of the Property or any part thereof.

*Manufacturers Hanover:* as defined in the recitals hereto.

*Mortgage:* this First Mortgage, Deed of Trust and Security Agreement, as at the time amended, modified or supplemented (by a supplemental mortgage or otherwise).

*Mortgagors:* as defined in the recitals hereto.

*Net Awards:* all awards and payments received by or payable to the Trustees on account of a Taking of all or any part of the Property, less the actual costs, fees and expenses incurred in the collection thereof and deducted therefrom prior to receipt or payment thereof to the Trustees.

*Net Insurance Proceeds:* all insurance proceeds received by or payable to the Trustees on account of any Destruction, less the actual costs, fees and expenses incurred in the collection thereof and deducted therefrom prior to receipt or payment thereof to the Trustees.

*New Jersey Assets:* the lands described in Schedule C hereto and all improvements, fixtures, equipment and personal property located thereon, relating thereto or used in connection therewith owned by the

Company and transferred to LCP-New Jersey immediately prior to closings under the Note and Warrant Agreement and the Bank Loan Agreement.

*Note and Warrant Agreement:* as defined in the recitals hereto.

*Notes:* as defined in the recitals hereto.

*Officer's Certificate:* a certificate signed in the name of the corporation in question by its President, one of its Vice Presidents or its Treasurer.

*Olin Lease:* as defined in the granting clauses hereof.

*Partial Destruction:* as defined in section 3.03.

*Partial Taking:* as defined in section 3.04.

*Permitted Exceptions:* (i) the exceptions set forth in the policies of title insurance, or marked commitments to issue policies of title insurance, delivered to the Trustees at the closings under the Note and Warrant Agreement and the Bank Loan Agreement, *provided, however*, that no exception will be permitted for exclusions from title insurance coverage by reason of building or zoning ordinances or other Legal Requirements, (ii) liens for Impositions not yet payable, or payable without the addition of any fine, penalty, interest, cost for nonpayment, or being contested as permitted by section 2.16 of this Mortgage, (iii) liens of mechanics, materialmen, suppliers or vendors or rights thereto, incurred in the ordinary course of business for sums which under the terms of the related contracts are not yet due but will become due within 60 days after completion of the work in question (or for such other period as is customary in such contracts) or for which such reserve or other appropriate provision, if any, as shall be required by generally accepted accounting principles shall have been made, (iv) liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performances of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money), (v) minor defects and irregularities in title not materially adversely affecting the marketability of or title to any Property or the

use to which such Property is put and (vi) liens consisting of a lease by any Mortgagor as lessee which is permitted under paragraph 6C(6) of the Note and Warrant Agreement and which is required to be capitalized in accordance with generally accepted accounting principles.

*Person:* a corporation, an association, a partnership, an organization, a business, an individual, a government or political subdivision thereof or a governmental agency.

*Plastic Industries:* Plastic Industries, Inc., a Florida corporation, and any successor or successors to its obligations under this Mortgage.

*Property:* as defined in the granting clauses hereof.

*Prudential:* as defined in the recitals hereto.

*Receivables:* as defined in the granting clauses hereof.

*Responsible Officer:* with respect to the Corporate Trustee or any separate trustee or co-trustee, the chairman of the board of directors, the president, every vice president, every assistant vice president, the cashier, every assistant cashier, the secretary, every assistant secretary, every trust officer, and every officer and assistant officer of such trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

*Restoration:* any restoration, replacement or rebuilding of and any alterations or additions to (together with any temporary repairs and property protection pending completion of such work) the Property after Destruction of the Property or a Taking of the Improvements or Equipment.

*Second Mortgage:* the mortgage securing the (a) 10% Subordinated Secured Note due September 30, 1989, of the Company, payable to Allied Chemical, in the principal amount of \$5,000,000, (b) the Promissory Note due June 10, 1981 of the Company, payable to Manufacturers Hanover, in the principal amount of \$2,500,000, (c) the promissory notes in an aggregate principal amount of not more than \$2,500,000, to be issued by the Company to International Salt Company and (d) the promissory notes in an aggregate principal amount of not more than \$500,000, to be issued by the Company to Antilles International Salt Company.

*Secured Indebtedness:* as defined in the recitals hereto.

*Taking:* a taking of all or any part of the Property, or any interest therein or right accruing thereto, as the result of or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, or a change of grade affecting the Property or any part thereof.

*Total Destruction:* as defined in section 3.03.

*Total Taking:* as defined in section 3.04.

*Trustees:* as defined in the recitals hereto.

*Trust Estate:* the Property at the time subject to this Mortgage, and all other properties and moneys from time to time mortgaged or assigned to or pledged or deposited with the Trustees as security for the Secured Indebtedness.

*Unavoidable Delays:* delays due to strikes, acts of God, governmental restrictions, enemy action, civil commotion, fire, unavoidable casualty, inability to obtain labor or materials or other causes beyond the control of Mortgagors; lack of funds shall not be deemed a cause beyond the control of Mortgagors.

## 2. THE SECURED INDEBTEDNESS AND MORTGAGED PROPERTY

2.01. *Payment of Notes, Bank Notes, etc.* The Company will duly and punctually pay or cause to be paid (a) in accordance with the terms of the Note and Warrant Agreement, the principal of, and premium, if any, and interest on, the Notes, (b) in accordance with the terms of the Bank Loan Agreement, the principal of, and interest on, the Bank Notes, and (c) all other sums which may become payable under the terms of the Note and Warrant Agreement, the Notes, the Bank Loan Agreement, the Bank Notes and this Mortgage. The Company will duly perform and comply, and will cause each other Mortgagor to duly perform and comply, with all of the terms of the Note and Warrant Agreement, the Notes, the Bank Loan Agreement, the Bank Notes and this Mortgage which are required to be performed or complied with by, or which are otherwise applicable to, the Company or such other Mortgagor.

2.02. *Title to the Property; Authority, etc.* Mortgagors represent and warrant that each of them (a) has good and marketable title in fee simple absolute to the Lands owned by each of them and the Improvements located

thereon, (b) has good and marketable title to the leasehold estate created pursuant to the Olin Lease, (c) has good and marketable title to the Equipment located on the Lands and the premises subject to the Olin Lease, and (d) has good and marketable title to its respective Receivables and Inventory and to all other items of real or personal property (tangible or intangible) included in the Property owned by each, in each case subject to no lien, encumbrance or charge other than this Mortgage, the Second Mortgage and Permitted Exceptions. Mortgagors represent and warrant that each has good and lawful right and authority to execute this Mortgage and to convey the Property owned by each as provided herein. Each Mortgagor, at its expense, will warrant and defend to the Trustees, for the benefit of the Beneficiaries, such title and the lien and interest of the Trustees and such Beneficiaries on and in the Property to the extent of its interests therein against all claims and demands and will maintain and preserve, or cause to be maintained and preserved, such lien so long as any Secured Indebtedness is outstanding.

2.03. *Title Insurance; Application of Proceeds.* Each Mortgagor hereby irrevocably assigns, transfers and sets over to the Trustees all rights of such Mortgagor to any insurance proceeds payable to such Mortgagor under any policies of title insurance which relate to the Trust Estate and which name or inure to the benefit of any Mortgagor, and each Mortgagor will execute and deliver such instruments as may be required by the title insurance companies in order to make this assignment of proceeds valid, binding and enforceable against such Mortgagor and title insurance company affected hereby. All proceeds received by the Trustees for any loss under the title insurance policies with respect to the Trust Estate to be delivered to the Trustees at the closings under the Note and Warrant Agreement and the Bank Loan Agreement, or under any title insurance policy delivered to the Trustees in substitution therefor and in replacement thereof, or under any title insurance policy required to be delivered to the Trustees under this Mortgage, shall be held, and all proceeds payable to any Mortgagor under any title insurance policy naming or insuring to the benefit of the Mortgagor shall be paid over to the Trustees and shall be held by the Trustees as part of the Trust Estate.

2.04. *Recordation, etc.* The Company will at all times cause this Mortgage (which shall also constitute within the meaning of the Uniform Commercial Code a security agreement with respect to, and shall grant to the Trustees a security interest in, the personal property (tangible and

intangible, and including fixtures to the extent they are personal property), Inventory and Receivables and interests therein included in the Property), any mortgages or other instruments supplemental hereto, financing statements with respect to the Property and appropriate continuation statements with respect to such financing statements to be recorded, registered and filed and to be kept recorded, registered and filed in such manner and in such places, and will pay all such recording, registration, filing or other taxes, fees and other charges, and will comply, and will cause the other Mortgagors to comply, with all such statutes and regulations, as may be required by law in order to establish, preserve and protect (a) the lien of this Mortgage on all real property, fixtures and interests therein included in the Property and the security interest created by this Mortgage in all personal property (tangible and intangible, and including fixtures to the extent they are personal property), Inventory and Receivables and interests therein included in the Property (including in each such case, without limitation, any such properties acquired after the execution hereof) and (b) the rights of the Trustees and of the Beneficiaries. Promptly after the execution and delivery hereof and within 90 days after the end of each calendar year thereafter, and promptly upon request by the Trustees or any Beneficiary, the Company at its expense will furnish to the Trustees or such Beneficiary an opinion, satisfactory in scope and form to the Trustees, of counsel satisfactory to the Trustees, stating that the Company has taken all action then or theretofore required by this section 2.04, setting forth the particulars of all such action not set forth in an opinion previously furnished pursuant to this section 2.04 and specifying the particulars of all action required by this section 2.04 during the period from the date of such opinion to and including the 90th day after the end of the then current calendar year.

2.05. *Inventory and Receivables.* 2.05.1. *Location and Removal.* Mortgagors represent and warrant that (a) all of their respective Inventory will at all times be of marketable quality, (b) attached hereto as Schedule G is a complete and correct list of the addresses at which their respective Inventory is now, or immediately after the closing under the Acquisition Agreement or the transfer of the New Jersey Assets, will be located and (c) attached hereto as Schedule H is a complete and correct list of the addresses at which their respective records and books of account with respect to their respective Receivables are now, or immediately after the closing under the Acquisition Agreement or the transfer of the New Jersey Assets, will be

maintained. Except as otherwise provided in section 2.05.2, Mortgagors will not remove or cause to be removed any Inventory from such places or remove or cause to be removed or change the places where it keeps such records and books of account without the prior written consent of the Trustees.

2.05.2. *Location and Removal in Ordinary Course of Business.* Unless and until a Default shall have occurred and be continuing, Mortgagors may (a) hold, process, sell, use or consume in the manufacture or processing of finished goods, or otherwise dispose of their respective Inventory (including any returned Inventory) for fair consideration, all in the ordinary course of their respective businesses, except sales to creditors or other dispositions occurring under circumstances which would create any lien or interest adverse to the lien of this Mortgage thereon or other rights granted hereunder in the proceeds resulting therefrom, (b) collect Receivables and use the proceeds thereof in the ordinary course of their respective businesses and (c) grant such allowances or other adjustments to account debtors or otherwise deal with Receivables and Inventory in accordance with sound business practice.

2.05.3. *Procedure for Collection of Receivables; Collateral Account.* (a) Unless and until an Event of Default shall have occurred and be continuing the provisions of this section 2.05.3 shall apply to the collection and administration of Receivables and the application of proceeds thereof.

(b) The Company shall establish and maintain with Manufacturers Hanover a cash collateral account at the office of Manufacturers Hanover located at 350 Park Avenue, New York, New York. Such account (the "Collateral Account") shall be opened in the name of Manufacturers Hanover as the collateral agent (the "Collateral Agent") for the benefit of the holders of Secured Indebtedness, shall be identified by number and shall be held by the Collateral Agent for its benefit and the benefit of all such holders. The Company hereby confirms its grant of a security interest in the funds on deposit from time to time in the Collateral Account as proceeds of Receivables and further confirms that such funds shall constitute collateral security for the payment of all Secured Indebtedness. Mortgagors jointly and severally agree that they shall deposit all proceeds of Receivables and all other monies received by them constituting part of the Trust Estate

(unless and until such monies are deposited with the Trustees) in the Collateral Account promptly upon receipt thereof.

(c) The Company shall establish and maintain a so-called "lock box" arrangement with Manufacturers Hanover pursuant to which Mortgagors' account debtors shall be instructed to remit the proceeds of all Receivables for the account of Mortgagors directly to Manufacturers Hanover for deposit in the Collateral Account.

(d) Funds on deposit in the Collateral Account shall be applied by the Collateral Agent to the payment of all Secured Indebtedness when the same shall be due and payable without further notice or instructions from the Company.

(e) Funds on deposit in the Collateral Account in excess of the amount necessary to pay Secured Indebtedness which shall then be due and payable ("Excess Funds") may be withdrawn from the Collateral Account by the Collateral Agent and made available to Mortgagors for one or more of the following purposes: (i) maintenance of any minimum operating account balance required in connection with Manufacturers Hanover's loan to the Company represented by the Term Note due December 1, 1985 in the principal amount of \$4,500,000 (the "Term Loan") to be maintained in the operating account of any Mortgagor at Manufacturers Hanover or any bank which is a participant with Manufacturers Hanover in the Term Loan; and (ii) coverage in any operating account of any Mortgagor at any bank, including Manufacturers Hanover, only for items debited to such account as of the close of business on the previous day (including, without limitation, by means of check payment instructions, wire transfers and similar means of charging an operating account) in the ordinary course of business (including, without limitation, any amounts debited for payroll purposes). Unless Excess Funds shall be released from the Collateral Account for the purposes aforesaid, such Funds shall be maintained on deposit in the Collateral Account. The Collateral Agent shall be entitled to rely on any instructions which it shall receive from the Company pursuant hereto which it reasonably believes to have been given in good faith.

(f) The Collateral Account shall be subject to the sole control and discretion of the Collateral Agent and the Company shall have no authority, without the consent of the Collateral Agent, to make use of any funds in the

Collateral Account, except to request that they be applied to any optional payments of Secured Indebtedness.

(g) The Company hereby agrees that Excess Funds may be invested from time to time by the Collateral Agent in Authorized Securities, *provided* such investments shall be made by the Collateral Agent only in response to instructions received by it from the Company.

(h) In administering the Collateral Account the Collateral Agent shall not be liable for any act or omission on its part except for any such act or omission which is a result of its gross negligence and wilful misconduct.

(i) If an Event of Default shall have occurred and be continuing, and such Event of Default is known to the Collateral Agent, funds shall be released from the Collateral Account only to the Trustees and the collection and administration of Receivables and the application of proceeds thereof shall be governed by section 4.06 of this Mortgage.

2.06. *After-Acquired Property.* All property of every kind acquired by Mortgagors after the date hereof, which by the terms hereof is required or intended to be subjected to the lien of this Mortgage, shall, immediately upon the acquisition thereof by such Mortgagor, and without further mortgage, conveyance or assignment, become subject to the lien of this Mortgage as fully as though now owned by such Mortgagor and specifically described herein. Nevertheless, such Mortgagor will do, execute, acknowledge and deliver such further acts, conveyances, mortgages and assurances as the Trustees shall reasonably require for accomplishing the purposes of this section 2.06.

2.07. *Alterations and Additions.* Unless and until a Default shall have occurred and be continuing, Mortgagors, at their expense, may from time to time make reasonable improvements to, alterations of and additions to the Property or any part thereof (in the case of any alteration or addition the estimated cost of which exceeds \$500,000, after prior written notice to the Trustees), *provided* that any such alteration or addition shall (a) not change the general character or impair the usefulness of the Property or reduce the fair market value thereof immediately prior to such alteration or addition, (b) be effected with due diligence in a good and workmanlike manner and in compliance with all Legal Requirements and Insurance Requirements and (c) be promptly and fully paid for so that the Property shall at all times be free of liens for labor and materials supplied or claimed to be supplied, other

than any lien or right thereto under a contract pursuant to which payment is not yet due (but only if such contract does not postpone payment for more than 60 days after completion of the work in question or for such other period as is customary in such contracts). All alterations of and additions to the Property shall immediately become subject to the lien of this Mortgage without further action on the part of Mortgagors.

2.08. *Maintenance of Property; Use.* Mortgagors at their expense will keep, or cause to be kept, the Property in good order and condition (with the exception of ordinary wear and tear) and make all necessary or appropriate repairs, replacements and renewals thereof, interior, exterior, structural and non-structural, ordinary and extraordinary, and foreseen and unforeseen. All repairs, replacements and renewals shall be equal in quality and class to the original work. No Mortgagor will do or permit any act or thing which might impair the value or usefulness of the Property or any part thereof, commit or permit any waste of the Property or any part thereof, or permit any unlawful occupation, business or trade to be conducted on the Property or any part thereof.

2.09. *Performance of Leases; Amendment, Waiver, etc.* Mortgagors will punctually perform and comply with all the terms and conditions of the (a) Olin Lease, (b) the Onondaga County Industrial Development Revenue Bond Sublease Agreement, dated as of December 14, 1979, between Allied Chemical and LCP-New York, (c) the Onondaga County Pollution Control Revenue Bond Sublease Agreement, dated as of December 14, 1979, between Allied Chemical and LCP-New York and (d) the Railroad Equipment Sublease and Agreement to Convey, dated as of December 14, 1979, between Allied Chemical and LCP Transportation, required to be performed and complied with by them to the same extent as if all terms of such leases were set forth herein in full and as if the obligations of Mortgagors thereunder were made the obligations of Mortgagors hereunder. No Mortgagor shall, without the prior written consent of the Trustees, (a) cancel, terminate, or surrender any such lease before its stated term, or consent to or accept any such cancellation, termination or surrender thereof or permit any event which would terminate or cancel the same, (b) amend or modify any such lease, or (c) give any consent, waiver or approval under any such lease or take any action in connection therewith which would have the effect of impairing the value, position or interests of the Trustees or any Beneficiary.

2.10. *Removal and Disposal of Property.* Without the prior written consent of the Trustees, Mortgagors will not and will not permit any other Person to abandon, scrap, salvage, remove, sell or otherwise dispose of any of the Property, *provided* that any Mortgagor may, if no Default at the time exists, remove and sell or otherwise dispose of, free of any right or claim of the Trustees, any Improvements or Equipment owned by it which has become worn out or obsolete and which has been replaced by other Improvements or Equipment subject to the lien of this Mortgage, having a utility and value at least equal to that, at the time of removal, of the Improvements or Equipment so removed, *provided, further*, that no Mortgagor need replace any Improvement or item of Equipment pursuant to the foregoing proviso if the aggregate cost (less depreciation) or fair market value, whichever is higher, of such Improvement or item of Equipment and of any other Improvements or Equipment previously abandoned, scrapped, salvaged, removed, sold or otherwise disposed of during the then current fiscal year of such Mortgagor which has not been replaced in reliance upon this further proviso does not exceed \$250,000.

2.11. *Utility Services.* Mortgagors will pay or cause to be paid all charges for all public or private utility services and all sprinkler systems and protective services at any time rendered to or in connection with the Property or any part thereof, will comply with all contracts relating to such services, and will do all other things required for the maintenance and continuance of all such services.

2.12. *No Claims Against Trustees, etc.* Nothing contained in this Mortgage shall constitute any consent or request by the Trustees or any Beneficiary, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof, or be construed to give Mortgagors any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against the Trustees or any Beneficiary in respect thereof or any claim that any lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the lien of this Mortgage.

2.13. *Payment of Impositions, etc.* Subject to section 2.16 relating to permitted contests, Mortgagors will pay or cause to be paid all Impositions before the same shall become delinquent and before any fine, penalty,

interest or cost for non-payment may be added, and will furnish to the Trustees, upon request, official receipts or other satisfactory proof evidencing such payments. The Company shall not be entitled to any credit against the principal of or premium, if any, or interest on any Secured Indebtedness, or any other sums which may become payable under the terms thereof or hereof, by reason of any tax or other Imposition on the Property or any part thereof, and no deduction shall be made from the taxable value of the Property or any part thereof by reason of this Mortgage.

2.14. *Compliance with Laws, etc.* Subject to section 2.16 relating to permitted contests, Mortgagors at their expense will promptly comply with all Legal Requirements and Insurance Requirements, whether or not compliance therewith shall require structural changes in the Improvements or the Equipment or interfere with the use and enjoyment of the Property, and will procure, maintain and comply with all permits, licenses and other authorizations required for any use of the Property or any part thereof then being made or for the manufacture and production of any Inventory, and for the proper erection, installation, operation and maintenance of the Improvements and the Equipment or any part of either thereof, and will comply, or cause to be complied, with any instruments of record affecting the Property or any part thereof at the time in force.

2.15. *Liens, etc.* Subject to section 2.16 relating to permitted contests, Mortgagors will not directly or indirectly create or permit or suffer to be created or to remain, and will discharge, or promptly cause to be discharged, any mortgage, lien, encumbrance or charge on, pledge of, or conditional sale or other title retention agreement with respect to the Property or any part thereof, other than (a) this Mortgage, (b) the Second Mortgage and (c) Permitted Exceptions. Mortgagors represent and warrant that no Permitted Exception substantially interferes, or will hereafter substantially interfere, with the use of the Property determined as of the date hereof.

2.16. *Permitted Contests.* Mortgagors at their expense may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity or application, in whole or in part, of any Imposition or lien therefor or any Legal Requirement or Insurance Requirement or the application of any instrument of record referred to in section 2.14 or any lien or charge referred to in section 2.15, *provided* that (a) in the case of an unpaid Imposition or lien therefor, or other lien, such proceedings shall suspend the collection thereof from Mortgagors, the Property, the

Trustees and any Beneficiary, (b) neither the Property nor any part thereof or interest therein would be in any danger of being sold, forfeited or lost prior to the determination of such proceedings, (c) in the case of a Legal Requirement, neither Mortgagors nor the Trustees nor any Beneficiary would be in any danger of any additional civil or any criminal liability for failure to comply therewith, (d) in the case of any lien or charge referred to in section 2.15, the same shall not have been created by the voluntary affirmative act of any Mortgagor, and (e) Mortgagors shall have furnished such security, if any, as may be required in the proceedings or reasonably requested by the Trustees or any Beneficiary. The Company shall give prompt written notice to the Trustees and each Beneficiary of the commencement of any contest referred to in the preceding sentence.

2.17. *Certificates as to No Default, etc.; Information; Inspection.* Each Mortgagor will deliver to the Trustees and each Beneficiary, within 90 days after the end of each fiscal year and promptly upon request by the Trustees or any such Beneficiary, Officer's Certificates stating that there is no condition or event which constitutes a Default or an Event of Default, or, if any such condition or event exists, specifying the nature and period of existence thereof and what action Mortgagors are taking or propose to take with respect thereto. The Company, from time to time and promptly upon request of the Trustees or any Beneficiary, will furnish or cause to be furnished to such requesting Trustees or Beneficiary information with respect to the Property. Each Mortgagor will at all reasonable times and from time to time permit any representatives designated in writing by the Trustees to inspect the Property or any part thereof and to inspect and make extracts from its books and other records and to arrange for verification of receivables under reasonable procedures directly with its account debtors or by other reasonable methods.

### 3. INSURANCE, TAKING, ETC.

3.01. *Indemnification.* Mortgagors will protect, indemnify and save harmless the Trustees and the Beneficiaries and each of them from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) imposed upon or incurred by or asserted against the Trustees or any Beneficiary by reason of (a) ownership of any interest in the Property, (b) any accident, injury to or death of persons or loss of or

damage to property occurring on or about the Property or any part thereof or the adjoining sidewalks, curbs, vaults and vault space, if any, streets or ways, (c) any use, non-use or condition of the Property or any part thereof, or the adjoining sidewalks, curbs, vaults and vault space, if any, streets or ways, (d) any failure on the part of Mortgagors to perform or comply with any of the terms hereof, (e) any necessity to defend any of the rights, title or interest conveyed or created by this Mortgage, or (f) the performance of any labor or services or the furnishing of any materials or other property in respect of the Property or any part thereof. In case any action, suit or proceeding is brought against the Trustees or any Beneficiary by reason of such occurrence, the Company, upon request of the Trustees or such Beneficiary, will at the Company's expense, cause such action, suit or proceeding to be resisted and defended by counsel designated by the Company and approved by the Trustees. Any amounts payable to the Trustees or any Beneficiary under this section 3.01 which are not paid within 10 days after written demand therefor shall bear interest at the rate of 11.50% from the date of such demand, and such amounts, together with such interest, shall be indebtedness secured by this Mortgage to the same extent as the Secured Indebtedness is secured by this Mortgage. The obligations of the Company under this section shall survive any discharge of this Mortgage.

3.02. *Insurance.* 3.02.1. *Risks to be Insured.* Mortgagors, at their expense, will maintain or cause to be maintained with financially sound and reputable insurers of recognized national standing: (a) insurance with respect to the Improvements, Equipment and Inventory against loss or damage by fire, lightning and other risks from time to time included under "extended coverage" policies, with provision for deductible amounts described in the certificates of insurers or insurance policies delivered to the Trustees pursuant to section 3.02.4, but in amounts sufficient to prevent the Trustees, any Beneficiary and any Mortgagor from becoming a co-insurer of any partial loss under the applicable policies, and in any event in amounts not less than the full insurable value (actual replacement value less actual physical depreciation) of the Improvements, Equipment and Inventory which, if requested by the Trustees (which requests shall not be made more than once in any three year period) shall be as determined by the insurer or insurers or by an expert selected by the Trustees; (b) general public liability insurance against claims for bodily injury or death of persons and damage to

or destruction of property occurring on or about the Property and the adjoining streets, sidewalks and ways, or arising out of the possession, condition, operation or use of the Property, in such amounts as are usually carried by persons operating similar properties in the same general locality but in any event with limits which shall not be less than (i) \$21,000,000 aggregate liability per annum for the operations of LCP-Georgia, LCP-New Jersey, LCP-New York and LCP-North Carolina, and (ii) \$3,000,000 aggregate liability per annum for the operations of LCP Plastics and Plastic Industries; (c) explosion insurance in respect of any steam, pressure boilers, storage vessels, and similar apparatus located at or in any plant or manufacturing facility of any Mortgagor in amounts customarily obtained by comparable companies in similar businesses; (d) war risk insurance when obtainable from the United States Government or any agency thereof; (e) appropriate worker's compensation insurance in respect of any work on or about the Property; (f) sprinkler or leakage insurance in an amount at least equal to 10% of the insurable value of all Equipment, Improvements and Inventory with respect to any sprinkler system which is or may be installed in the Equipment or Improvements; (g) such other insurance with respect to the Property as is customarily obtained by comparable companies in similar businesses; and (h) such other insurance with respect to the Property in such amounts and with respect to such insurable hazards as the Trustees from time to time may reasonably require by written notice to the Company.

3.02.2. *Policy Provisions.* All insurance maintained pursuant to section 3.02.1 shall (a) name, except in the case of worker's compensation insurance, the Trustees, as insureds; (b) provide, except in the case of public liability insurance and workers' compensation insurance, that all insurance proceeds shall be adjusted by the Company (subject to the approval of the Trustees) and be payable solely to the Trustees, by means of a standard New York Mortgagee's loss payable or equivalent endorsement to be held in trust and to be paid as provided in section 3.05, *provided* that any insurance proceeds for any loss of less than \$300,000 may be adjusted with and payable to the Company alone; (c) include effective waivers by the insurer of all claims for insurance premiums against the Trustees and each Beneficiary; (d) provide, to the extent obtainable, that any losses shall be payable notwithstanding (i) any act or failure to act or negligence of Mortgagors or any other person, (ii) the occupation or use of the Property for purposes more hazardous than permitted by the terms of the policy, (iii)

any foreclosure or other proceedings or notice of sale to the Property, (iv) any change or increase in the interest of the Trustees or any Beneficiary, or (v) any change in the title or ownership of the Property; and (e) provide that no cancellation thereof shall be effective until at least 30 days after receipt of a written notice to such effect by the Trustees.

3.02.3. *Period of Default.* If a Default shall have occurred and be continuing, full power is hereby conferred on the Trustees to adjust, settle and compromise all claims under all insurance policies for any loss of more than \$100,000; to determine, receive and receipt for all monies becoming payable thereunder; and to assign all such policies to any or all of the Beneficiaries or to the grantee of any of the Property insured in the event of foreclosure or sale pursuant to section 4.04 of this Mortgage, or any other transfer of title to such Property in extinguishment of the indebtedness secured by this Mortgage or any portion thereof.

3.02.4. *Delivery of Policies; Insurance Certificate.* The Company will deliver or cause to be delivered to the Trustees, (a) promptly upon the execution and delivery of this Mortgage, certificates of the insurers as to the existence of all insurance policies, or in lieu of such certificates, if requested by the Trustees the originals of all such insurance policies (except blanket policies), with respect to the Property which are required to be maintained pursuant to this section, together with an Officer's Certificate containing the information set forth in clause (c) of this section 3.02.4, (b) at least 20 days prior to the expiration of any such policies, evidence as to the renewal thereof and the payment of all premiums then due with respect thereto, and (c) within 90 days after the end of each calendar year and promptly upon request by the Trustees, an Officer's Certificate of the Company setting forth the particulars as to all such insurance policies and certifying that such insurance is in full force and effect and complies with the requirements of this section, and that all premiums due thereon have been paid; and the Trustees may rely exclusively on such Officer's Certificate as to the matters set forth therein, notwithstanding their receipt of such certificates of insurers or policies. In the event any Mortgagor shall fail to effect or maintain any insurance required to be effected or maintained pursuant to the provisions of this section 3.02, the Company and any such other Mortgagor will fully indemnify the Trustees and each Beneficiary against damage, loss or liability resulting from all risks for which such insurance should have been effected or maintained, and all costs payable hereunder shall constitute additional indebtedness secured by this Mortgage.

3.03. *Destruction of Property.* 3.03.1. *Mortgagor to Give Notice.* In case of any Destruction in the amount of \$100,000 or more, the Company or the Mortgagor which is the owner of such Property will promptly give written notice thereof to the Trustees and each Beneficiary, generally describing the nature and extent of such Destruction.

3.03.2. *Restoration.* In case of any Destruction other than a Total Destruction (a "Partial Destruction"), the Company or the Mortgagor which is the owner of such Property will, at its expense, whether or not the insurance proceeds, if any, on account of such Destruction shall be sufficient for the purpose, promptly commence and complete, or cause to be commenced and completed (subject to Unavoidable Delays), Restoration of the Property as nearly as possible to its value, condition and character immediately prior to such Destruction, with such alterations and additions as may be made at the Company's or such Mortgagor's election pursuant to and subject to the conditions of section 2.07.

3.03.3. *Total Destruction.* In case of a Destruction of all or substantially all of the Improvements and Equipment included in the Property, or of all or substantially all of the Improvements and Equipment included in any plant owned or leased by any Mortgagor so that, in the good faith judgment of the Board of Directors of the Company, Restoration of such Improvements and Equipment is either not economically feasible or not permitted by law, the Company may elect, by written notice to the Trustees and each Beneficiary given within 90 days of such Destruction, not to effect Restoration. Any Destruction of the Improvements and the Equipment included in the Property referred to above in this section as to which such notice of election is given is herein called a "Total Destruction".

3.03.4. *Application of Net Insurance Proceeds.* In the event of any Destruction, the Company will, subject to the proviso to clause (b) of section 3.02.2, cause all Net Insurance Proceeds to be paid over to the Trustees to be applied or dealt with by such Trustees in accordance with section 3.05. If at the time of any Total Destruction any policy or policies as required by section 3.02 are not in effect, the Company will, not less than 30 days after such Total Destruction, pay to the Trustees such amount as would have been payable as Net Insurance Proceeds if such policy or policies had been in effect at such time.

3.04. *Taking of Property.* 3.04.1. *Mortgagor to Give Notice; Assignment of Awards, etc.* In case of a Taking of all or any part of the Property, or the

commencement of any proceedings or negotiations which might result in such a Taking, the Company or the Mortgagor which is the owner of such Property will promptly give written notice thereof to the Trustees and each Beneficiary, generally describing the nature and extent of such Taking or the nature of such proceedings or negotiations and the nature and extent of the Taking which might result therefrom, as the case may be. Each Mortgagor hereby irrevocably assigns, transfers and set over to the Trustees all rights of such Mortgagor to any award or payment on account of any Taking. The appropriate Mortgagor will in good faith and with due diligence file and prosecute what would otherwise be such Mortgagor's claim for any such award or payment and cause the same to be collected and paid over to the Trustees and will irrevocably authorize and empower such Trustees in the name of such Mortgagor or otherwise, to collect and to receipt for any such award or payment, and, in the event such Mortgagor fails so to act or is otherwise in default hereunder, to file and prosecute such claim. The appropriate Mortgagor will pay all costs, fees and expenses reasonably incurred by the Trustees in connection with any Taking and seeking and obtaining any award or payment on account thereof.

3.04.2. *Partial Taking.* In case of a Taking of the Property other than a Total Taking (a "Partial Taking"), the Company or the Mortgagor which is the owner of the Property will, at its expense, whether or not the awards or payments, if any, on account of such Taking shall be sufficient for the purpose, promptly commence and complete, or cause to be commenced and completed (subject to Unavoidable Delays), Restoration of the Property, except to the extent made impossible by any reduction in area caused by such Taking, *provided* that in case of a Taking for temporary use the Company or the Mortgagor which is the owner of the Property shall not be required to effect Restoration until such Taking is terminated.

3.04.3. *Total Taking.* In case of the Taking of the entire Property or of that portion of the Property consisting of an entire plant owned or leased by any Mortgagor (other than for temporary use) or of such a substantial part of the Property or any such plant that, in the good faith judgment of the Board of Directors of the Company, either (a) the portion of the Property or such plant remaining after such Taking (and after Restoration) is unsuitable for use by the Company or the Mortgagor which is the owner of the Property in the operation of its business, or (b) Restoration of such portion of the Property or such plant is either not economically feasible or not permitted by

law, the Company or such Mortgagor may elect, by written notice to the Trustees given within 90 days after such Taking, not to effect Restoration. Any Taking of the Property of the character referred to above in this section as to which such notice of election is given is herein called a "Total Taking".

3.04.4. *Application of Net Awards, etc.* In the event of any Taking, the Company or the Mortgagor which is the owner of the Property will cause all Net Awards to be paid over to the Trustees to be applied or dealt with by such Trustees in accordance with section 3.05 hereof.

3.05. *Application of Moneys by Trustees.* All moneys received by the Trustees on account of a Destruction or a Taking shall be applied as follows:

(a) All Net Insurance Proceeds received by the Trustees on account of a Total Destruction, and all payments in lieu of such Net Insurance Proceeds received by the Trustees, and all Net Awards received by the Trustees on account of a Total Taking, shall, at the option of the Beneficiaries, which option shall be exercised within 30 days after the giving of notice by the Trustees to the Beneficiaries (with a copy to the Company) of the receipt by the Trustees of any such Net Insurance Proceeds or Net Awards, be applied to the prepayment of the Notes as provided in section 4B of the Note and Warrant Agreement and to the prepayment of the Bank Notes, and the balance, if any, of such Net Insurance Proceeds (or payments in lieu thereof) or Net Awards shall be paid over to the Company or as it may direct, *provided* that, if an Event of Default shall have occurred and be continuing, such amounts shall be applied in accordance with the priorities set forth in section 4.12. The aggregate amount of Net Insurance Proceeds (or amounts in lieu thereof) or Net Awards to be applied to the prepayment of the Notes and the Bank Notes shall be applied ratably among the holders of the Notes and the Bank Notes who have requested prepayment as follows; *first* to the payment of interest accrued on the principal amount of the Notes and the Bank Notes to be prepaid and *second* to the prepayment of such principal amounts.

(b) All Net Insurance Proceeds received by the Trustees on account of any Partial Destruction and Net Awards received on a Partial Taking shall be applied as follows:

(i) any such Net Insurance Proceeds (except Net Insurance Proceeds received on account of any Destruction of Inventory) or

Net Awards (except Net Awards received on account of a Taking for temporary use) shall, unless a Default exists, be paid over to the Company or the Mortgagor which is the owner of the Property or as it may direct from time to time as Restoration progresses to pay the cost of Restoration (in the case of a Partial Taking, of the portion of the Property remaining after such Taking), but only upon the written request of the Company, accompanied by an Officer's Certificate (which, if the Restoration involves expenditures in excess of \$500,000, shall also be co-signed by an architect or engineer in charge of the Restoration) or other appropriate evidence satisfactory to the Trustees that (x) the sum requested has been paid or is then due and payable and is a proper item of such cost, (y) specifying the additional amount, if any, required for the completion of the Restoration, and (z) stating that no Default has occurred and is continuing, *provided* that no payment pursuant to this subparagraph (i) shall be made if, after giving effect to such payment, the balance of the Net Insurance Proceeds in respect of such Destruction or Taking then held by the Trustees shall be less than the original amount required to complete the Restoration specified in such Officer's Certificate; and upon the written request of the Company, accompanied by an Officer's Certificate or other appropriate evidence satisfactory to the Trustee that Restoration has been completed and the cost thereof paid in full and that there are no mechanics' or similar liens for labor or materials supplied in connection therewith, the balance, if any, of such proceeds shall, unless a Default exists, be paid over or assigned to the Company or as it may direct;

(ii) any such Net Insurance Proceeds received on account of any Destruction of Inventory shall, unless a Default exists, be paid over to the owner of such Inventory, or as it may direct;

(iii) in case of a Taking for temporary use, any such Net Awards shall, unless a Default exists, be held and applied, for the account of the Company, to the payment of installments of principal and interest becoming due on the Notes and the Bank Notes during the period of temporary use, all such payments to be applied ratably among the holders of the Notes and the Bank Notes, as the case may be, entitled thereto; and upon the written

request of the Company, accompanied by an Officer's Certificate or other appropriate evidence satisfactory to the Trustees that such Taking has terminated, the balance, if any, of such proceeds shall, unless a Default exists, be paid over or assigned to the Company or the Mortgagor which is the owner of the Property or as it may direct, *provided* that if any portion of the Net Awards is made by reason of any Destruction during such Taking for temporary use, such portion shall be held and applied as provided in Subparagraph (i) above after such Taking is terminated; and

(iv) if a Default exists, such Net Insurance Proceeds or Net Awards shall be held by the Trustee as part of the Trust Estate until either (x) all Defaults shall have been cured, whereupon such Net Insurance Proceeds or Net Awards shall be applied as provided in subparagraph (i), (ii) or (iii) above, as the case may be, or (y) an Event of Default shall have occurred and be continuing, whereupon such Net Insurance Proceeds or Net Awards shall be applied in accordance with the priorities set forth in section 4.12 hereof.

#### 4. REMEDIES, ETC.

4.01. *Events of Default.* It shall be an Event of Default under this Mortgage if one or more of the following events ("Events of Default") shall occur:

(a) if an "Event of Default", as defined in the Note and Warrant Agreement or the Bank Loan Agreement shall occur; or

(b) if any Mortgagor shall default in the performance of or compliance with any term herein and such default shall not have been remedied within 30 days after written notice thereof from the Trustees or any Beneficiary specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder.

4.02. *Enforcement, etc.* If an Event of Default shall have occurred and be continuing, then and in any and each such event the aggregate sum owing to any Beneficiary under this Mortgage shall, upon the written instruction of such Beneficiary to the Trustees, be declared by the Trustees to be due and payable immediately as fully and completely as if originally stipulated then to be paid, and the Trustees or any Beneficiary may proceed to protect and

enforce their respective rights by an action at law, suit in equity or other appropriate procedure; whether for the specific performance of any agreement contained herein, or for an injunction against the violation of any of the terms hereof, or in aid of the exercise of any power granted hereby or by law. Each Beneficiary agrees that if it shall declare an Event of Default with respect to any Secured Indebtedness held by it, such Beneficiary shall immediately notify each other Beneficiary known to it of such action on its part, and, if practicable, such notice shall be given prior to the direction referred to above to the Trustees to declare such Secured Indebtedness due and payable. The Trustees may proceed to enforce the lien of this Mortgage against the entire Trust Estate, notwithstanding that the Event of Default is attributable to a condition existing with respect to only a portion of the Trust Estate.

4.03. *Foreclosure.* If an Event of Default shall have occurred and be continuing, the Trustees at any time, at their election, may proceed at law or in equity or under the power of sale herein or otherwise to foreclose the lien of this Mortgage as against all or any part of the Trust Estate, either by strict foreclosure or such other method as may be authorized by applicable law at the time in effect.

4.04. *Power of Sale.* 4.04.1. *In General.* If an Event of Default shall have occurred and be continuing, the Trustees may sell, assign, transfer and deliver the whole or, from time to time, any part of the Trust Estate, or any interest in any part thereof, except any part of the Trust Estate situated in the State of Georgia, or any interest in any part thereof, at any private sale, or at public sale or auction, without demand, advertisement or notice of the time or place of sale or adjournment thereof or otherwise, except as required by law, for cash and for immediate or future delivery on such terms as the Trustees, in their discretion, may determine, all, however, subject to and in accordance with the requirements of applicable law at the time in effect.

4.04.2. *Georgia Property.* If an Event of Default shall have occurred and be continuing, the Trustees, at their option, may sell that portion of the Property, or any part thereof, situated in the State of Georgia at one or more public sale or sales before the door of the courthouse of the county in which the Lands or any part of the Lands are situated, to the highest bidder for cash, in order to pay the Secured Indebtedness, and all expenses of sale and of all proceedings in connection therewith, including reasonable attorneys'

fees, after advertising the time, place and terms of sale once a week for four weeks immediately preceding such sale (but without regard to the number of days) in a newspaper in which Sheriff's sales are advertised in said county. At any such public sale, the Trustees may execute and deliver to the purchaser a conveyance of the affected portion of the Property in fee simple with full warranties of title, and to this end Grantors hereby constitute and appoint the Trustees the agent and attorney-in-fact of Grantors to make such sale and conveyance, and thereto to divest Grantors of all right, title and equity that Grantor may have in and to the Property and to vest the same in the purchaser or purchasers at such sale or sales, and all other acts and doings of said agent and attorney-in-fact are hereby ratified and confirmed and any recitals in said conveyance or conveyances as to the facts essential to a valid sale shall be binding upon Grantors. The aforesaid powers of sale and agency hereby granted are coupled with an interest and are irrevocable by death or otherwise, are granted as cumulative of the other remedies provided hereby or by law for collection of the Secured Indebtedness and shall not be exhausted by one exercise thereof but may be exercised until full payment of all of the Secured Indebtedness. In the event of any sale under this Deed by virtue of the exercise of the powers herein granted, or pursuant to any order in any judicial proceeding or otherwise, the Property situated in the State of Georgia may be sold as an entirety or in separate parcels and in such manner or order as the Trustees in their sole discretion may elect, and one or more exercises of the powers herein granted shall not extinguish nor exhaust such powers, until the entire Property situated in the State of Georgia is sold or the Secured Indebtedness is paid in full. If the Secured Indebtedness is now or hereafter further secured by any chattel mortgages, pledges, contracts of guaranty, assignments of lease or other security instruments, the Trustees may at their option exhaust the remedies granted under any of said security instruments either concurrently or independently, and in such order as the Trustees may determine.

4.05. *Remedies under Uniform Commercial Code.* If an Event of Default shall have occurred and be continuing, the Trustees may, with respect to any of the Property constituting personal property or other property subject to the Uniform Commercial Code in any jurisdiction, exercise any or all of the rights and remedies available to it under the Uniform Commercial Code in such jurisdiction, without limitation of any other rights or remedies granted hereby or by law. It is agreed that 15 days'

notice to the Company of the date, time and place of any proposed sale by the Trustees of any such property is reasonable.

4.06. *Collection of Receivables, etc.* If an Event of Default shall have occurred and be continuing,

(a) the Trustees shall have full power to collect, compromise, endorse, sell or otherwise deal with Receivables or Inventory or the proceeds thereof in their own names or that of any Mortgagor,

(b) the Trustees may at any time notify Mortgagors' account debtors that the Receivables have been assigned and shall be paid directly to the Trustees or their designee,

(c) upon request of the Trustees, Mortgagors will notify their respective account debtors that the Receivables have been assigned and shall be paid directly to the Trustees or their designee, and

(d) if any Receivables shall be evidenced by promissory notes, trade acceptances, or other instruments for the payment of money, Mortgagors will immediately deliver the same to the Trustees, appropriately endorsed to the Trustees' order and, notwithstanding the form of such endorsement, each Mortgagor hereby waives presentment, demand, notice of dishonor, protest and notice of protest and all other notices with respect thereto.

4.07. *Trustees Authorized to Execute Deeds, etc.* Each Mortgagor hereby irrevocably appoints the Trustees its true and lawful attorneys, with full power of substitution, and with full power to act in its name and on its behalf, for the purpose of effectuating the enforcement of this Mortgage and any right, power and remedy provided for herein or by law, including, without limitation, the power to enforce collection of Receivables, to execute releases, compromise or settle with any account debtors and to prosecute, defend, compromise or release any action relating thereto, to receive, open and make appropriate disposition of all mail addressed to any Mortgagor and to take therefrom any remittances of or proceeds of Receivables or Inventory, to notify Post Office authorities to change the address for delivery of the mail addressed to any Mortgagor to such address as the Trustees shall designate, to endorse the name of any Mortgagor in favor of the Trustee upon any and all checks, drafts, money orders, notes, acceptances or other instruments of the same or different nature, to sign and endorse the name of

any Mortgagor on and to receive as a secured party any Receivables or Inventory, any invoices, schedules, freight or express receipts, or bills of lading, storage receipts, warehouse receipts or other documents of title of the same or different nature relating to Receivables or Inventory, to sign the name of any Mortgagor on any notice to account debtors or on verification of Receivables, to sign and file or record on behalf of any Mortgagor any financing or other statements in order to perfect or protect the Trustees' security interest hereunder or the lien of this Mortgage on any Property, to execute and deliver all such other certificates, deeds, bills of sale, assignments and other instruments in respect of the Property as the Trustees may consider necessary or appropriate, such Mortgagor hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by the Trustees or any purchaser, each Mortgagor shall ratify and confirm any such action, including, without limitation, any sale, assignment, transfer or delivery by executing and delivering to the Trustees or to any purchaser, assignee or transferee of any Property, all proper certificates, deeds, bills of sale, assignments, endorsements, releases and other instruments as may be designated in any such request.

4.08. *Purchase of the Property by Beneficiaries.* Any Beneficiary may be a purchaser of the Property or of any part thereof or of any interest therein at any sale thereof, pursuant to the exercise of any remedies provided in this Mortgage or by law, and may apply upon the purchase price the indebtedness secured hereby owing to such purchaser to the extent of such purchaser's distributive share, if any, of the purchase price. Any such purchaser shall, upon any such purchase, acquire good title to the properties so purchased, free of the lien of this Mortgage and free of all rights of redemption in Mortgagors.

4.09. *Receipt a Sufficient Discharge to Purchaser.* Upon any sale of the Property or any part thereof or any interest therein, pursuant to the exercise of any remedies provided in this Mortgage or by law, the receipt of the officer making the sale under judicial proceedings or of the Trustees shall be sufficient discharge to the purchaser for the purchase money, and such purchaser shall not be obliged to see to the application thereof.

4.10. *Waiver of Appraisement, Valuation, etc.* Mortgagors do hereby waive, to the full extent they may lawfully do so, the benefit of all

appraisement, valuation, stay, extension and redemption laws now or hereafter in force and all rights of marshalling in the event of any sale of the Property or any part thereof or any interest therein hereunder.

4.11. *Sale a Bar Against Mortgagors.* Any sale of the Property or any part thereof or any interest therein, pursuant to the exercise of any remedies provided in this Mortgage or by law, shall forever be a perpetual bar against Mortgagors.

4.12. *Application of Proceeds.* If an Event of Default shall have occurred and be continuing, any moneys (including, without limitation, the proceeds of any sale of the Property or any part thereof or any interest therein, pursuant to the exercise of any remedies provided in this Mortgage or by law, and any insurance proceeds (including title insurance proceeds) and condemnation awards and payments) at the time held by the Trustees hereunder, shall be applied to pay:

*First:* all costs incurred by the Trustees in the collection thereof (including, without limitation, reasonable attorneys' fees and expenses);

*Second:* at the Trustees' election, any other indebtedness secured by this Mortgage and at the time due and payable (including, without limitation, all payments, costs, fees, expenses and interest referred to in section 4.17 and costs incurred by the Beneficiaries in the collection of any moneys held by the Trustees to which the Beneficiaries are entitled under this Mortgage), other than indebtedness with respect to the Secured Indebtedness at the time outstanding;

*Third:* all amounts of principal, premium, if any, and interest at the time due and payable on the Notes at the time outstanding and all amounts of principal, premium, if any, and interest due and payable on the Bank Notes at the time outstanding (whether due at maturity or as an installment of principal or interest or by prepayment or declaration or otherwise), including, with respect to the Notes, interest at the rate of 12.50% per annum on any overdue principal and premium and (to the extent permitted under applicable law) on any overdue interest and, with respect to the Bank Notes, interest (to the extent permitted under applicable law) at the rate set forth in section 2 of the Bank Loan Agreement; and in case such moneys shall be insufficient to pay in full the amounts so due and unpaid on all the Notes and all the Bank Notes, then *first*, all amounts of interest at the time due and payable on the

Notes and the Bank Notes, pro rata according to the interest owing under each Note and Bank Note, without preference or priority in favor of any of the Notes or any of the Bank Notes, and *second*, all amounts of principal and premium, if any, at the time due and payable on the Notes and the Bank Notes, pro rata according to the principal and premium, if any, owing with respect to each Note and Bank Note without preference or priority in favor of any of the Notes or any of the Bank Notes; and all such payments shall be made to the Trustees to be applied ratably among the holders of the Notes and the Bank Notes, as the case may be, entitled thereto, and

*Fourth:* the balance, if any, to whomsoever may be lawfully entitled thereto.

4.13. *Appointment of Receiver.* If an Event of Default shall have occurred and be continuing, the Trustees shall, as a matter of right, to the extent permitted by applicable law, be entitled to the appointment of a receiver for all or any part of the Trust Estate, whether such receivership be incidental to a proposed sale of the Trust Estate or otherwise, and Mortgagors hereby consent to the appointment of such a receiver and covenant not to oppose any such appointment. Any receiver so appointed shall have such powers as may be conferred by the appointing authority, including any or all of the powers which the Trustees are authorized to exercise by this Mortgage, and shall have the right to incur such obligations and to issue such certificates therefor as the appointing authority shall authorize. Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagors or any of their respective properties or assets or of the Trust Estate or any part thereof, the Trustees shall be entitled to retain possession of and control of all property now or hereafter pledged with or held by the Trustee hereunder.

4.14. *Possession, Management and Income; Assignment.* If an Event of Default shall have occurred and be continuing, the Trustees, without further notice, may, to the extent permitted by applicable law, enter upon and take possession of the Trust Estate or any part thereof by force, summary proceedings, ejectment or otherwise and may remove Mortgagors and all other Persons and any and all property therefrom, and may hold, operate and manage the same and receive all earnings, income, tolls, rents, issues, profits and proceeds accruing with respect thereto or any part thereof, and

without limiting the generality of the granting clauses or this section 4, Mortgagors hereby (a) assign, transfer and set over to the Trustees all such sums due or to become due in respect of the Trust Estate or any part thereof, together with full power and authority in the name of the Trustees or Mortgagors or any of them or otherwise, to enforce, collect, receive or receipt for any and all of such sums and (b) irrevocably authorize the Trustees to direct the payment thereof to the Trustees or as the Trustees may from time to time direct. Neither the Trustees nor any Beneficiary shall be under any liability for or by reason of any such taking of possession, entry, removal or holding, operation or management, except that any amounts so received by the Trustees shall be applied to pay, *first*, all costs and expenses of so entering upon, taking possession of, holding, operating and managing the Trust Estate or any part thereof, and any taxes, assessments or other charges, prior to the lien of this Mortgage, which the Trustees may consider it necessary or desirable to pay and, *second*, in accordance with subparagraphs *Second*, *Third*, and *Fourth* of section 4.12.

4.15. *Trustees May Enforce Rights Without Notes.* All rights or action under this Mortgage or under any of the Secured Indebtedness may be enforced by the Trustees without the possession of any of the Notes or Bank Notes and without the production thereof at any trial or other proceedings relative thereto. Any such suit or proceedings instituted by the Trustees shall be brought in their own names or as Trustees, and any recovery of judgment shall be subject to the rights of the Trustees, for the ratable benefit of all the Beneficiaries at the time outstanding.

4.16. *Trustees May File Proofs of Claim.* The Trustees are hereby irrevocably appointed (and the successive respective Beneficiaries, by taking and holding any part of the Secured Indebtedness, shall be conclusively deemed to have so appointed the Trustees) the true and lawful attorney-in-fact of the respective Beneficiaries with authority to make or file, irrespective of whether the Secured Indebtedness or any part of it is in default as to payment of principal or interest, in the respective names of the Beneficiaries, or on behalf of all Beneficiaries as a class, any proof of debt, amendment to proof of debt, petition or other document; to execute any other papers and documents and to do and perform any and all acts and things for and on behalf of the respective Beneficiaries, or on behalf of all such Beneficiaries as a class, as may be necessary or advisable, in the opinion of the Trustees in order to have the respective claims of the Beneficiaries against any Mortga-

gor allowed in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings to which any Mortgagor shall be a party; and except to the extent that the Beneficiaries shall have filed individual claims in any such proceeding on their own behalf, to receive payment of or on account of such claim, and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by such Beneficiary to make such payments to the Trustees; *provided*, that in no case shall the Trustees have any right to accept or consent to any plan of reorganization on behalf of any Beneficiary or in any such proceeding to waive or change in any way any right of any such Beneficiary even though it may otherwise be entitled so to do under any present or future law, all such power or authorization being hereby expressly denied. The Trustees shall have full power of substitution and delegation in respect of any such powers.

4.17. *Right of the Trustees to Perform Mortgagors' Covenants, etc.* If any Mortgagor shall fail to make any payment or perform any act required to be made or performed hereunder, the Trustees, upon the written instruction of any Beneficiary, without notice to or demand upon any Mortgagor and without waiving or releasing any obligation or default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of such Mortgagor, and may enter upon the Trust Estate or any part thereof for the purpose and take all such action thereon as, in the Trustees' opinion, may be necessary or appropriate therefor. All sums so paid by the Trustees and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) so incurred, together with interest thereon at the rate of 11.50% per annum from the date of payment or incurrence, shall constitute additional indebtedness secured by this Mortgage and shall be paid by the Company to the Trustees on demand.

4.18. *Remedies, etc., Cumulative.* Each right, power and remedy of the Trustees and the Beneficiaries provided for in this Mortgage or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Mortgage or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Trustees or any one or more of the rights, powers or remedies provided for in this Mortgage or now or hereafter existing at law or

in equity or by statute or otherwise shall not preclude the simultaneous or later exercise of any or all such other rights, powers or remedies.

4.19. *Discontinuance of Proceedings.* In case the Trustees shall have proceeded to enforce any right, power or remedy under this Mortgage by foreclosure, entry or otherwise or in the event the Trustees commence advertising of the intended exercise of the sale under power provided hereunder, and such proceeding or advertisement shall have been withdrawn, discontinued or abandoned for any reason, or shall have been determined adversely to the Trustees, then in every such case (a) Mortgagors and the Trustees shall be restored to their former positions and rights, (b) all rights, powers and remedies of the Trustees shall continue as if no such proceeding had been taken, (c) each and every Event of Default declared or occurring prior or subsequent to such withdrawal, discontinuance or abandonment shall be and shall be deemed to be a continuing Event of Default (unless a proceeding with respect to such Default shall have been determined adversely to the Trustees) and (d) neither this Mortgage nor any Secured Indebtedness nor any other instrument concerned therewith, shall be or shall be deemed to have been reinstated or otherwise affected by such withdrawal, discontinuance or abandonment; and Mortgagors hereby expressly waive the benefit of any statute or rule of law now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the above.

4.20. *Suits to Protect the Property.* The Trustees shall have the power to institute and maintain such suits and proceedings as they may deem expedient (a) to prevent any impairment of the Property by any acts which may be unlawful or constitute a Default under this Mortgage, (b) to preserve or protect the interest of the Beneficiaries in the Property and in the incomes, rents, issues, profits and revenues arising therefrom and (c) to restrain the enforcement of or compliance with any legislation or other government enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Beneficiaries.

4.21. *Provisions Subject to Applicable Law.* All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable law, and are intended to be

limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under any applicable law. If any term of this Mortgage shall be held to be invalid, illegal or unenforceable, the validity of other terms of this Mortgage shall in no way be affected thereby.

4.22. *No Waiver, etc.* No failure or delay by the Trustees or any Beneficiary to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term or of any such breach. No waiver of any breach shall affect or alter this Mortgage, which shall continue in full force and effect with respect to any other then existing or subsequent breach. No act or omission by the Trustees shall release, discharge, modify, change or otherwise affect the original liability under the Notes, the Bank Notes, this Mortgage or any other obligation of Mortgagors or any subsequent purchaser of the Property or any part thereof, or any maker, co-signer, endorser, surety or guarantor, or preclude the Trustees from exercising any right, power or privilege herein granted or intended to be granted in the event of any Default then made or of any subsequent Default, or alter the security title, security interest or lien of this Mortgage except as expressly provided in an instrument or instruments executed by the Trustees pursuant to the prior instructions of the Beneficiaries as provided in section 5.01(e) of this Mortgage.

4.23. *Powers Coupled with an Interest.* In each instance contained in sections 4.01 to 4.22, inclusive, of this Mortgage whereby Mortgagors grant a power to the Trustees to act in the name of Mortgagors, or on their behalf, such power shall be deemed to be coupled with an interest and irrevocable.

## 5. THE TRUSTEES

5.01. *Duties.* By its acceptance of the trusts hereunder, the Trustees, and each of them, undertakes, for the pro rata benefit of the Beneficiaries, to take such action from time to time for the protection and enforcement of their rights under this Mortgage as may be necessary or appropriate in the interests of the Beneficiaries, *provided* that:

- (a) the Trustees, or either of them, shall not be obligated to take any action under this Mortgage or pursuant to the written instructions

from the Beneficiaries which might in their, or either of their, reasonable judgment involve them, or either of them, in any expense or liability unless they shall have been furnished with reasonable indemnity;

(b) unless and until an Event of Default shall have occurred and be continuing, the Trustees, or either of them, shall not be obligated to take any action under this Mortgage except for the performance of such duties as are specifically set forth herein and except as may be requested from time to time in writing by the holders of 66⅔% in principal amount of the Secured Indebtedness at the time outstanding (to the extent such request (i) directs the time, method and place of conducting any proceeding for any remedy available to the Trustees or exercising any trust or power conferred on the Trustees and (ii) does not conflict with any rule of law or this Mortgage), and no implied covenants or obligations shall be read into this Mortgage against the Trustees;

(c) the Trustees, or either of them, in the absence of actual knowledge, shall not be deemed to have knowledge of the existence of any Default or Event of Default unless notified thereof in writing by any Mortgagor or any Beneficiary;

(d) if and so long as an Event of Default known to the Trustees shall have occurred and be continuing, the Trustees, and each of them, shall exercise such of the rights, powers and remedies vested in them by this Mortgage as they may (in the absence of written instructions from the holders of 66⅔% in principal amount of the Secured Indebtedness at the time outstanding) determined to be in the best interest of the Beneficiaries, or as they may be requested in writing to exercise by the holders of 66⅔% in principal amount of the Secured Indebtedness at the time outstanding (in either case to the extent the exercise of such rights, powers and remedies do not conflict with any rule of law or this Mortgage), and shall use the same degree of care and skill in such exercise as a prudent man would use under the circumstances in the conduct of his own affairs;

(e) the Trustees, and each of them, may at any time request written instructions from the Beneficiaries with respect to the interpretation of this Mortgage or action to be taken or suffered or not taken hereunder and may withhold action hereunder until it shall have

received such written instructions from the holders of 66⅔% in principal amount of the Secured Indebtedness at the time outstanding;

(f) in the absence of bad faith on the part of the Trustees, or either of them, the Trustees, and each of them, may rely upon the authenticity of, and the truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting or refraining from acting upon, any resolution, Officer's Certificate, opinion of counsel (which may be counsel to the Company), note, request, notice, consent, waiver, order, signature guaranty, notarial seal, stamp, acknowledgement, verification, appraisal, report, stock certificate or other paper or document believed by the Trustees to be genuine and to have been signed, affixed or presented by the proper party or parties;

(g) the Corporate Trustee shall not be responsible for any error of judgment made in good faith by a Responsible Officer or Officers of the Corporate Trustee unless it shall be proved that the Corporate Trustee was negligent in ascertaining the pertinent facts;

(h) the Individual Trustee shall not be liable for any error of judgment made by him in good faith, unless it shall be proved that he was negligent in ascertaining the pertinent facts; and

(i) the Trustees may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustees, shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by them hereunder.

5.02. *Limitation on Liability.* Nothing contained herein shall relieve either Trustee from liability for its own negligent action, negligent failure to act, bad faith or willful misconduct, except that (a) this Section 5.02 shall not be construed to limit the effect of Section 5.01(a), (b), (c), (e), (f), (g) and (h), and (b) the Trustees, or either of them, shall not be under any liability with respect to any action taken or suffered or not taken in good faith in accordance with the written request or instructions of 66⅔% in principal amount of the Secured Indebtedness at the time outstanding.

5.03. *No Responsibility for Recitals, etc.* Neither Trustee assumes any responsibility for the correctness of the recitals and statements contained herein or makes any representation as to the validity or sufficiency hereof, or as to the security or other interests afforded hereby, or as to the title of Mortgages to the Trust Estate or as to the descriptions thereof. Neither

Trustee shall be accountable for the use or application by Mortgagors of any of the Secured Indebtedness or of the proceeds thereof.

5.04. *Officer's Certificate of Company as Proof.* Whenever, in the administration of the trusts created by this Mortgage, the Trustees, or either of them, shall consider it necessary or desirable that any matter be proved or established prior to its taking or permitting or omitting any action hereunder, such matter (unless other evidence in respect thereof is specifically prescribed herein) may, subject to sections 5.01 and 5.02, be deemed to be conclusively proved and established by an Officer's Certificate of the Company delivered to the Trustees, and, subject as aforesaid, such Officer's Certificate shall be full warrant and authority to the Trustees, and each of them, for any action taken, permitted or omitted by it or him under this Mortgage in reliance thereon, *provided* that the Trustees, or either of them, in their discretion may, notwithstanding section 5.01(b), and if requested in writing to do so by the holders of at least 10% in principal amount of the Secured Indebtedness at the time outstanding and furnished with security and indemnity against the costs and expenses of such examinations as provided in section 5.01 shall, require such further and additional evidence and make such further investigation as the Trustees may consider reasonable.

5.05. *Compensation and Expenses; Lien Therefor.* The Company will from time to time, on demand, pay to the Trustees such compensation (which compensation shall not be limited by any provision of law in regard to compensation of a trustee of an express trust) for their services hereunder as shall be agreed to by the Company and the Trustees, or, in the absence of such agreement, reasonable compensation for such services, and pay (or reimburse the Trustees for) all reasonable expenses of the Trustees hereunder, including, without limitation, the reasonable compensation, expenses and disbursements of such agents, representatives, experts and counsel as the Trustees may employ in connection with the exercise and performance of their rights and duties hereunder. The Company will also indemnify and save each Trustee harmless against any losses, expenses and liabilities, not arising from its or his own default or negligence, which it or he may incur in the exercise and performance of its or his rights and duties hereunder, including costs and expenses of defending against any claim or liability in connection with the exercise or performance of its powers or duties hereunder. As security for the performance of the obligations of the

Company under this section 5.05, the Trustees shall have a lien prior to the Secured Indebtedness upon all property and funds held or collected by the Trustees as such.

5.06. *Amendment, etc. of Mortgage.* Without the prior written instructions of the holders of 66⅔% in principal amount of the Secured Indebtedness at the time outstanding, the Trustees shall not (a) agree to any amendment or modification of this Mortgage, or (b) consent to or accept any cancellation or termination of this Mortgage.

5.07. *Funds Held in Trust; Segregation; Investment of Monies by Trustees.* All funds received by the Trustees, or either of them, under or pursuant to this Mortgage shall constitute trust funds for the purpose for which they were paid or are held, but need not be segregated in any manner from any other monies, and may be held or deposited by the Trustees, or either of them, under such conditions as may be prescribed by law for trust funds *provided*, that anything herein contained to the contrary notwithstanding, unless and until an Event of Default shall have occurred and be continuing, the Trustees shall, upon the written request of the Company, apply any monies at the time held by the Trustees hereunder to the purchase of such Authorized Securities as may be specified in such request, which shall be held as part of the Trust Estate. Such investments shall mature in such amounts and not later than such times as may be necessary to provide funds when needed by the Trustees to make payments under this Mortgage. Any Authorized Securities so purchased shall be sold at any time upon the written request of the Company or in connection with any application of monies held by the Trustees under this Mortgage, and the proceeds thereof and of any Authorized Securities which shall have matured (exclusive of any amount received or collected for interest thereon in excess of interest or premium, if any, paid as part of the purchase price thereof, and, in the case of Authorized Securities purchased at a discount, exclusive of any portion of the principal thereof in excess of the purchase price thereof) shall be held and applied in the same manner as is herein provided in respect of the monies used to purchase such Authorized Securities. Interest and principal, if any, excluded as aforesaid shall be paid to the Company, unless and until an Event of Default shall have occurred and be continuing to the knowledge of the Trustees. If the net proceeds of any Authorized Securities upon any sale or maturity thereof (including all interest not payable to the Company, as aforesaid) shall be less than the amount paid in the purchase thereof, the

Company will pay the amount of such deficiency to the Trustees, and the Trustees shall have the right, but no obligation, to make demand on the Company, for any such payment.

5.08. *Resignation of Trustees.* The Trustees, or either of them, may resign and be discharged from the trusts created hereby by delivering notice thereof to the Company (and, in the case of resignation of the Individual Trustee, to the Corporate Trustee) and by giving written notice thereof to all of the Beneficiaries, specifying a date (not earlier than 45 days after the giving of such notice) when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice, unless previously a successor Trustee shall have been appointed as provided in section 5.10, in which event such resignation shall take effect immediately upon the appointment of such successor Trustee.

5.09. *Removal of Trustee.* The Trustees, or either of them, may be removed at any time, for or without cause, by an instrument or instruments in writing executed by the holders of 66⅔% in principal amount of the Secured Indebtedness at the time outstanding and delivered to the Trustee or Trustees to be removed (and, in the case of removal of the Individual Trustee, to the Corporate Trustee), a copy of which shall be forthwith sent by such holders to the Company, specifying the removal and the date when it shall take effect.

5.10. *Appointment of Successor Trustees.* In case at any time the Trustees, or either of them, shall resign or be removed, or, in the case of the Individual Trustee, shall die or become incapable of acting, a successor Trustee (eligible, in the case of a successor Corporate Trustee, as provided in section 5.13) may be appointed by an instrument or instruments in writing executed by the holders of 66⅔% in principal amount of the Secured Indebtedness at the time outstanding (or, in the case of an appointment of a successor Individual Trustee, by the Corporate Trustee) and filed with such successor Trustee. Until a successor Corporate Trustee shall be so appointed, the Company shall appoint a successor Corporate Trustee (eligible as provided in section 5.13) to fill such vacancy, such appointment to be effected by an instrument in writing delivered to such successor Corporate Trustee. Promptly after any such appointment, the Company (or, in the case of any such appointment of a successor Individual Trustee, the Corporate Trustee) shall give written notice thereof to each Beneficiary (and, in the case of any such appointment of a successor Individual Trustee,

the Company). Any successor Trustee so appointed by the Company or the Corporate Trustee shall immediately and without further act be superseded by a successor Trustee appointed by the holders of 66 $\frac{2}{3}$ % in principal amount of the Secured Indebtedness at the time outstanding in the manner provided above in this section 5.10. If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this section 5.10 within six months after a vacancy shall have occurred in the office of either Trustee, any Beneficiary or such retiring Trustee (but not if such retiring Trustee has been removed) may apply to any court of competent jurisdiction to appoint a successor Trustee, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Trustee, eligible, in the case of a successor Corporate Trustee, as provided in section 5.13.

5.11. *Succession of Successor Trustee.* Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and the predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without further action, shall become vested with the title to the Trust Estate, and with all the rights and duties of the predecessor Trustee hereunder, with like effect as if originally named as Trustee herein. Upon the request of any such successor Trustee, however, each Mortgagor and the predecessor Trustee shall execute and deliver such instruments and do such other things as may reasonably be required for the vesting in and better assuring to such successor Trustee the title to the Trust Estate and all such rights and duties of the predecessor Trustee, and the predecessor Trustee shall also assign and deliver to the successor Trustee any property subject to the lien of this Mortgage which may then be in its or his possession.

5.12. *Joinder of Individual Trustee.* D. W. May has been joined as Individual Trustee hereunder in order to comply with any legal requirements respecting trustees under mortgages of property in the jurisdictions, or any of them, in which the Trust Estate or any part thereof is or may be situated and so that if, by any present or future law in any jurisdiction in which it may be necessary to perform any act in the execution of the trusts created hereby, the Corporate Trustee shall be incompetent or unqualified so to act, then all the acts required to be performed in such jurisdiction in the execution of the trusts created hereby shall be performed by the Individual Trustee and the Corporate Trustee, jointly, or the Individual Trustee acting alone. Notwith-

standing any other provision in this Mortgage, the Individual Trustee shall act in accordance with and be subject to the same terms and conditions as are set forth in paragraphs (a) to (e), inclusive, of section 5.15 with respect to a co-trustee or a separate trustee. In case the Individual Trustee shall resign or be removed, or die or become incapable of acting, the title to the Trust Estate, and all rights, powers, trusts, duties and obligations of the Trustees shall, so far as permitted by law, vest in and be exercised by the Corporate Trustee, unless and until a successor Individual Trustee shall be appointed in the manner herein provided. The Individual Trustee shall not be personally liable by reason of any act or omission of the Corporate Trustee or any co-trustee or separate trustee or by reason of any act or omission of the Individual Trustee taken or omitted to be taken pursuant to written instructions received by him from the Corporate Trustee. Notice to the Corporate Trustee or a co-trustee or separate trustee shall not constitute notice to the Individual Trustee unless and until such notice is actually received by the Individual Trustee.

5.13. *Eligibility of Corporate Trustee.* The Corporate Trustee shall always be a state or national bank or trust company in good standing, organized under the laws of the United States of America or one of the States thereof having its principal office in the Borough of Manhattan, the City of New York, and having a capital, surplus and undivided profits to its shareholders aggregating at least \$100,000,000, if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms. In case at any time the Corporate Trustee shall cease to be eligible in accordance with the provisions of this section 5.13, the Corporate Trustee shall resign immediately in the manner and with the effect specified in section 5.09.

5.14. *Successor Corporate Trustee by Merger, etc.* Any corporation into which the Corporate Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Corporate Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Corporate Trustee as a whole or substantially as a whole, if eligible as provided in section 5.13, shall be the successor of the Corporate Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

5.15. *Co-Trustees and Separate Trustees.* At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the holders of 66⅔% in principal amount of the Secured Indebtedness at the time outstanding, shall have power, without any action by the Company, to appoint, and to execute and deliver all instruments and agreements necessary or proper to appoint, one or more individuals or corporations approved by the Corporate Trustee either to act as co-trustee, or co-trustees, jointly with the Trustees, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such individuals or corporations, in such capacity, such title to the Trust Estate or any part thereof, and such rights or duties as such holders may consider necessary or desirable, subject to the remaining provisions of this section 5.15. Each Mortgagor and the Trustees shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights or duties to such co-trustee or separate trustee. Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms and conditions:

(a) All rights and duties conferred or imposed by this Mortgage upon the Trustees, or either of them, in respect of the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Corporate Trustee.

(b) All rights and duties conferred or imposed by this Mortgage upon the Trustees, or either of them, shall be conferred or imposed upon and exercised or performed by the Corporate Trustee, or by the Corporate Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Corporate Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Subject to the provisions of sections 5.01 and 5.02, and except as may be otherwise expressly provided herein, any request in writing by the Corporate Trustee to any co-trustee or separate trustee to take or

to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee may delegate to the Corporate Trustee the exercise of any right or duty, discretionary or otherwise, conferred or imposed by this Mortgage.

(e) Any moneys, securities, title documents or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Corporate Trustee.

(f) The Trustees at any time, by an instrument in writing, and without any approval of or action by the Company, may accept the resignation of or remove any co-trustee or separate trustee appointed under this section 5.15. Upon the written request of the Trustees, the Company shall join with the Trustees in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this section 5.15.

(g) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustees, or either of them, or any other co-trustee or separate trustee.

(h) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing, executed by the Beneficiaries and delivered to the Trustees, or either of them, hereunder, shall be deemed to have been delivered to such co-trustee or separate trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such title to the Trust Estate or any part thereof, and with such rights and duties, as shall be specified in the instrument of appointment, jointly with the Trustees (except in so far as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Mortgage. Every such acceptance shall be filed with the Trustees. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustees, or either of them,

its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its behalf and in its or his name. In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights and duties of such co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by each Trustee without the appointment of a successor to such co-trustee or separate trustee.

5.16. *New York Real Property Law.* To the extent, if any, that Article 4-A of the New York Real Property Law, as in effect from time to time, may apply to this Mortgage or the transactions contemplated hereby, the Trustees shall have the powers and be subject to the duties set forth in section 126 of the New York Real Property Law, as in effect on the date of this Mortgage as originally executed. There are hereby incorporated by reference in this Mortgage the provisions described in paragraphs (a) through (f) of section 130-k of the New York Real Property Law, as in effect on the date of this Mortgage as originally executed, including, without limitation, all provisions which are permitted by the terms of paragraphs (b)(1) and (b)(9) of such section 130-k to be included in any indenture. To the extent that any applicable provision of Article 4-A of the New York Real Property Law conflicts with any provision of this Mortgage, the relevant provision of Article 4-A shall be controlling.

## 6. MISCELLANEOUS

6.01. *Scope and Limitation of Obligations.* Notwithstanding any other provision of this Mortgage, the Company undertakes to perform and observe and shall be liable and responsible for all obligations, covenants, representations and warranties of each other Mortgagor and all the terms and conditions hereof. Notwithstanding any other provision of this Mortgage, the rights, obligations and liabilities of the Mortgagors other than the Company hereunder are subject to the following limitations: (a) each such Mortgagor undertakes to perform and observe and shall be liable and responsible for only those obligations, covenants, representations, warranties, terms and conditions hereof which pertain to any of the Lands owned by it, the Improvements and Equipment located thereon, the Receivables and Inventory owned by it and any other Property owned by it; and (b) no Mortgagor other than the Company shall have personal liability with respect to the payment of the principal of and premium, if any, and

interest on any Secured Indebtedness, and no Mortgagor shall do anything which will impede or prevent any other Mortgagor from performing or observing any of the obligations, covenants, terms or conditions of this Mortgage.

6.02. *Further Assurances.* Each Mortgagor at the expense of the Company will execute, acknowledge and deliver all such instruments and take all such action as the Trustees from time to time may reasonably request for the better assuring to the Trustees of the properties and rights now or hereafter subjected to the lien hereof or assigned hereunder or intended so to be.

6.03. *Additional Security.* Without notice to or consent of any Mortgagor, and without impairment of the lien and rights created by this Mortgage, the Trustees may accept (but Mortgagors shall not be obligated to furnish) from any Mortgagor, or from any other Person, additional security for any Secured Indebtedness at the time outstanding. Neither the giving of this Mortgage nor the acceptance of any such additional security shall prevent the Trustees from resorting, *first*, to such additional security, or, *second*, to the security created by this Mortgage, in either case without affecting the lien hereof and rights hereunder.

6.04. *Defeasance, Release and Reconveyance.* If the Company shall pay (a) the principal of, and premium, if any, and interest on, the Notes in accordance with the terms thereof, (b) the principal of, and interest on, the Bank Notes, and (c) all other sums payable hereunder by the Company and shall comply with all the terms hereof and of the Note and Warrant Agreement and the Bank Loan Agreement, then this Mortgage shall be null and void and of no further force and effect and, upon receipt by the Trustees of an Officer's Certificate and an opinion of counsel (which may be counsel to the Company) specifying that the conditions to release set forth in this section 6.04 have been fulfilled, shall be released and reconveyed by the Trustees at the request and expense of the Company.

6.05. *Notices, etc.* All notices, requests and other communications hereunder shall be made by first class mail, postage prepaid, (a) if to the Trustees, addressed to them at the address of the Corporate Trustee set forth in the first paragraph hereof, *Attention: Vice President—Corporate Trust Administration*, (provided that no such notice shall be effective unless and until such notice is delivered to such address of such Corporate Trustee) (b)

if to Prudential, addressed to it at its address set forth in the Note and Warrant Agreement (or at such other address as Prudential may have designated by written notice to the Company), (c) if to Manufacturers Hanover, addressed to it at its address set forth in the Bank Loan Agreement (or at such other addresses as Manufacturers Hanover may have designated by written notice to the Company), (d) if to the Company or any other Mortgagor, addressed to them at their respective addresses set forth in the first paragraph hereof, *Attention: President* (or at such other address as the Company or such other Mortgagor may have designated by written notice to the Trustees), or (e) if to any other Beneficiary, addressed to such Beneficiary at the most recent address of such Beneficiary filed with (or, if none filed, at the most recent address of the payee of such Secured Indebtedness known to the Company) the Company.

6.06. *List of Beneficiaries.* The Company shall furnish to the Trustees (a) annually, within 15 days of the commencement of the calendar year, an Officer's Certificate setting forth the names and addresses (to which notices, request and other communications and payments by the Trustees hereunder shall be delivered or made) of the Beneficiaries as of such date and the aggregate principal amount held by each and (b) at such other times as the Company shall receive notice of the transfer of any Secured Indebtedness or as the Trustees may request in writing.

6.07. *Amendment, Waiver, etc.* This Mortgage and any term hereof may be amended, discharged or terminated and the observance of any term of this Mortgage and any Default and its consequences may be waived (either generally or in a particular instance and either retroactively or prospectively) by (but only by) an instrument in writing signed (a) by the Company, (b) insofar as any such amendment or waiver affects the security granted hereunder by and the obligations of any other Mortgagor, by such Mortgagor, (c) by the holders of at least 66⅔% in principal amount of the Secured Indebtedness at the time outstanding and (d) the Trustees.

6.08. *Compliance With New York Lien Law.* Mortgagors will, in compliance with Section 13 of the New York Lien Law, receive the advances secured hereby and will hold the right to receive such advances as a trust fund to be applied first for the purpose of paying the cost of improvement and will apply the same first to the payment of the cost of improvement before using any part of the total of the same for any other purpose.

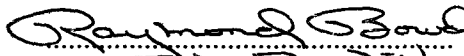
6.09. *Miscellaneous.* On request, each Mortgagor will furnish to the Trustees and any Beneficiary a written statement of any amounts due from such Mortgagor and secured hereby. All agreements herein shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not. This Mortgage is executed and delivered in, and its terms and provisions are to be governed by, the laws of the State of New York except to the extent, if any, that any provision hereof must be governed as a matter of law by the laws of the state of the sites of property securing payment of the Secured Indebtedness. The headings herein are for the purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Mortgage may be executed in two or more counterparts, each of which shall be deemed an original; it shall not be necessary in proving this Mortgage to produce or account for more than one such counterpart.

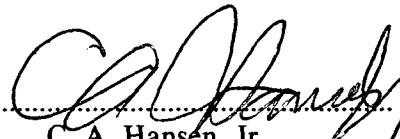
IN WITNESS WHEREOF, the parties hereto have caused this Mortgage to be executed and their respective corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized, all as of the date first above written.


LINDEN CHEMICALS & PLASTICS, INC.

Witnesses:

By:

  
RAYMOND BOWDEN

  
C. A. Hansen, Jr.  
President

  
[Corporate Seal]

Attest:

  
John Kandravy  
Secretary

## LCP CHEMICALS-GEORGIA, INC.

Witnesses:

Raymond Bowden  
 (RAYMOND) BOWDEN

By:

C. A. Hansen, Jr.

C. A. Hansen, Jr.  
 Chairman of the  
 Board of Directors

A. Fertig  
A. Fertig  
 [Corporate Seal]

Attest:

John Kandravv  
 John Kandravv  
 Secretary

## LCP CHEMICALS-NEW JERSEY, INC.

Witnesses:

Raymond Bowden  
 (RAYMOND) BOWDEN

By:

C. A. Hansen, Jr.

C. A. Hansen, Jr.  
 Chairman of the  
 Board of Directors


A. Fertig  
A. Fertig  
 [Corporate Seal]

Attest:

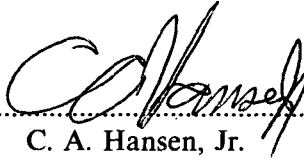
John Kandravv  
 John Kandravv  
 Secretary

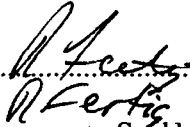
LCP CHEMICALS-NEW YORK, INC.

Witnesses:

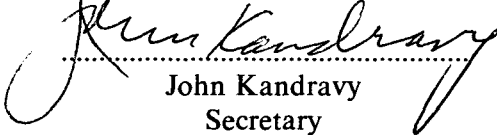
  
RAYMOND BOWDEN

By:

  
C. A. Hansen, Jr.  
Chairman of the  
Board of Directors


  
[Corporate Seal]

Attest:

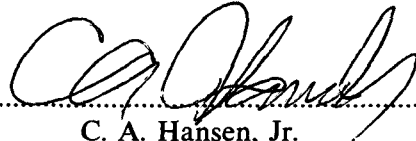
  
John Kandravy  
Secretary

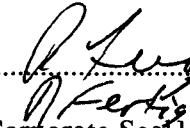
LCP CHEMICALS-NORTH  
CAROLINA, INC.

Witnesses:


  
RAYMOND BOWDEN

By:

  
C. A. Hansen, Jr.  
Chairman of the  
Board of Directors


  
[Corporate Seal]

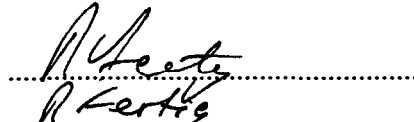
Attest:

  
John Kandravy  
Secretary

LCP PLASTICS, INC.

Witnesses:

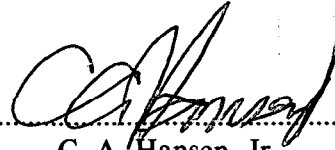
  
 (RAYMOND) BOWDEN

  
 [Corporate Seal]

Attest:

  
 John Kandavy  
 Secretary


By:

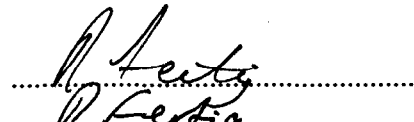


C. A. Hansen, Jr.  
 Chairman of the  
 Board of Directors

LCP TRANSPORTATION, INC.

Witnesses:

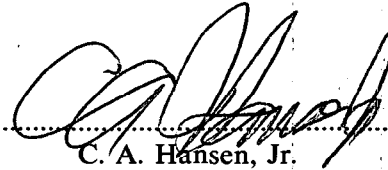
  
 (RAYMOND) BOWDEN

  
 [Corporate Seal]

Attest:

  
 John Kandavy  
 Secretary

By:

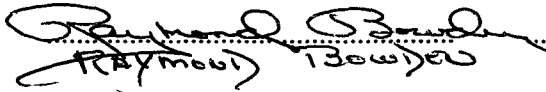


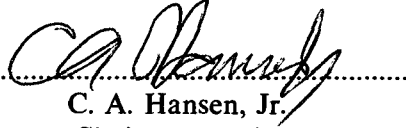
C. A. Hansen, Jr.  
 Chairman of the  
 Board of Directors

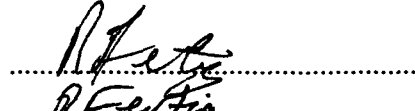
PLASTIC INDUSTRIES, INC.

Witnesses:

By:

  
RAYMOND B. BOWYER

  
C. A. Hansen, Jr.  
Chairman of the  
Board of Directors

  
[Corporate Seal]

Attest:

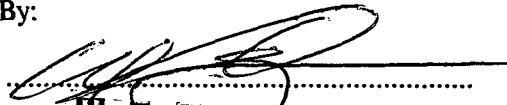
  
John Kandravy  
Secretary

IRVING TRUST COMPANY,  
as Trustee

Witnesses:

By:

  
JOHN CASCIO

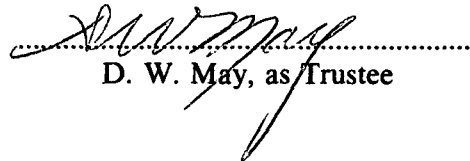
  
W. T. CUNNINGHAM  
Assistant Vice President

  
M. EICHENWALD


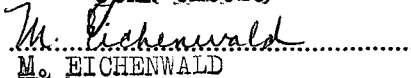
[Corporate Seal]

Attest:

  
E. MOORE  
Assistant Secretary

  
D. W. May, as Trustee

Witnesses:

  
JOHN CASCIO  
  
M. EICHENWALD

This instrument was prepared by Stephen J. Friedman of Debevoise, Plimpton, Lyons & Gates, 299 Park Avenue, New York, New York 10017.

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came C. A. HANSEN, JR. to me known, who, being by me duly sworn, did depose and say that he resides at 1 Scenic Drive, Highland, New Jersey 07732; that he is the President of LINDEN CHEMICALS & PLASTICS, INC., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, that he signed his name thereto by like order as and for the voluntary act and deed of said corporation and that he received a certified true copy of said instrument on behalf of said corporation.

*Richard M. Wesely*

Notary Public RICHARD M. WESELY

NOTARY PUBLIC, State of New York

[Notarial Seal and Stamp] No. 30-4227835

Qualified in Nassau County

Certificate filed in New York County

Commission Expires March 30, 80 81

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

This 14th day of December, 1979, personally came before me *RICHARD M. WESELY*, a notary public of the State of New York, JOHN KANDRAVY, who, being by me duly sworn, says that he knows the common seal of LINDEN CHEMICALS & PLASTICS, INC., and is acquainted with C. A. Hansen, Jr., who is the president of said corporation, and that he, the said John Kandravv, is the secretary of the said corporation, and saw the said common seal of said corporation affixed to said instrument by said president, and that he, the said John Kandravv, signed his name in attestation of the execution of said instrument, in the presence of said president of said corporation. Witness my hand and official seal this 14th day of December, 1979.

*Richard M. Wesely*

Notary Public

[Official seal]

RICHARD M. WESELY

NOTARY PUBLIC, State of New York

No. 30-4227835

Qualified in Nassau County

Certificate filed in New York County

Commission Expires March 30, 1981 81

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

Before me, a notary public in and for said county, personally appeared C. A. HANSEN, JR. and JOHN KANDRAVY, to me known and known to me to be the persons who, as president and secretary, respectively, of LINDEN CHEMICALS & PLASTICS, INC., the corporation which executed the foregoing instrument, signed the same and acknowledged to me that they did so sign said instrument in the name and on behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof I have hereunto subscribed my name and affixed my official seal at New York City, New York, this 14th day of December, 1979.

Attesting Witnesses:

*Richard M. Weely*  
Notary Public

*Raymond B. Borden*  
*R. Borden*

RICHARD M. WESELY  
NOTARY PUBLIC, State of New York  
No. 30-4227835  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came C. A. HANSEN, JR. to me known, who, being by me duly sworn, did depose and say that he resides at 1 Scenic Drive, Highland, New Jersey 07732; that he is the Chairman of the Board of Directors of LCP CHEMICALS—GEORGIA, INC., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, that he signed his name thereto by like order as and for the voluntary act and deed of said corporation and that he received a certified true copy of said instrument on behalf of said corporation.

*Richard M. Wesely*  
Notary Public

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

[Notarial Seal and Stamp]  
RICHARD M. WESELY  
NOTARY PUBLIC, State of New York  
No. 30-4227835  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1981

*RICHARD M. WESELY*, a notary public of the State of New York, JOHN KANDRAVY, who, being by me duly sworn, says that he knows the common seal of LCP CHEMICALS—GEORGIA, INC., and is acquainted with C. A. Hansen, Jr., who is the chairman of the board of directors, the presiding member, of said corporation, and that he, the said John Kandravv, is the secretary of the said corporation, and saw the said common seal of said corporation affixed to said instrument by said chairman of the board, and that he, the said John Kandravv, signed his name in attestation of the execution of said instrument, in the presence of said chairman of the board of said corporation. Witness my hand and official seal this 14th day of December, 1979.

*Richard M. Wesely*  
Notary Public

[Official seal]

RICHARD M. WESELY  
NOTARY PUBLIC, State of New York  
No. 30-4227835  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
 COUNTY OF NEW YORK } ss.:

Before me, a notary public in and for said county, personally appeared C. A. HANSEN, JR. and JOHN KANDRAVY, to me known and known to me to be the persons who, as chairman of the board of directors and secretary, respectively, of LCP CHEMICALS—GEORGIA, INC., the corporation which executed the foregoing instrument, signed the same and acknowledged to me that they did so sign said instrument in the name and on behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof I have hereunto subscribed my name and affixed my official seal at New York City, New York, this 14th day of December, 1979.

Attesting Witnesses:

*Richard M. Wesely*  
 .....  
 Notary Public

*Raymond Borden*  
 .....  
*R. Feely*  
 .....

RICHARD M. WESELY  
 NOTARY PUBLIC, State of New York  
 No. 30-4227835  
 Qualified in Nassau County  
 Certificate filed in New York County  
 Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came C. A. HANSEN, JR. to me known, who, being by me duly sworn, did depose and say that he resides at 1 Scenic Drive, Highland, New Jersey 07732; that he is the Chairman of the Board of Directors of LCP CHEMICALS—NEW JERSEY, INC., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, that he signed his name thereto by like order as and for the voluntary act and deed of said corporation and that he received a certified true copy of said instrument on behalf of said corporation.

*Richard M. Wesely*

Notary Public  
RICHARD M. WESELY

NOTARY PUBLIC, State of New York

[Notarial Seal and Stamp] 4227835

Qualified in Nassau County

Certificate filed in New York County

Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

This 14th day of December, 1979, personally came before me

*RICHARD M. WESELY*, a notary public of the State of New York, JOHN KANDRAVY, who, being by me duly sworn, says that he knows the common seal of LCP CHEMICALS—NEW JERSEY, INC., and is acquainted with C. A. Hansen, Jr., who is the chairman of the board of directors, the presiding member, of said corporation, and that he, the said John Kandravy, is the secretary of the said corporation, and saw the said common seal of said corporation affixed to said instrument by said chairman of the board, and that he, the said John Kandravy, signed his name in attestation of the execution of said instrument, in the presence of said chairman of the board of said corporation. Witness my hand and official seal this 14th day of December, 1979.

*Richard M. Wesely*

Notary Public

[Official seal]

RICHARD M. WESELY

NOTARY PUBLIC, State of New York

No. 30-4227835

Qualified in Nassau County

Certificate filed in New York County

Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

Before me, a notary public in and for said county, personally appeared C. A. HANSEN, JR. and JOHN KANDRAVY, to me known and known to me to be the persons who, as chairman of the board of directors and secretary, respectively, of LCP CHEMICALS—NEW JERSEY, INC., the corporation which executed the foregoing instrument, signed the same and acknowledged to me that they did so sign said instrument in the name and on behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof I have hereunto subscribed my name and affixed my official seal at New York City, New York, this 14th day of December, 1979.

Attesting Witnesses:

*Richard M. Wesely*

Notary Public

*Raymond Bouda*  
*R. Feltz*

RICHARD M. WESELY  
NOTARY PUBLIC, State of New York  
No. 30-4227835  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came C. A. HANSEN, JR. to me known, who, being by me duly sworn, did depose and say that he resides at 1 Scenic Drive, Highland, New Jersey 07732; that he is the Chairman of the Board of Directors of LCP CHEMICALS—NEW YORK, INC., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, that he signed his name thereto by like order as and for the voluntary act and deed of said corporation and that he received a certified true copy of said instrument on behalf of said corporation.

*Richard M. Wesely*  
NOTARY PUBLIC  
NOTARY PUBLIC, State of New York  
No. 30-4227835  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1981  
[Notarial Seal and Stamp]

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

This 14th day of December, 1979, personally came before me *RICHARD M. WESELY*, a notary public of the State of New York, JOHN KANDRAVY, who, being by me duly sworn, says that he knows the common seal of LCP CHEMICALS—NEW YORK, INC., and is acquainted with C. A. Hansen, Jr., who is the chairman of the board of directors, the presiding member, of said corporation, and that he, the said John Kandravay, is the secretary of the said corporation, and saw the said common seal of said corporation affixed to said instrument by said chairman of the board, and that he, the said John Kandravay, signed his name in attestation of the execution of said instrument, in the presence of said chairman of the board of said corporation. Witness my hand and official seal this 14th day of December, 1979.

[Official seal]

*Richard M. Wesely*  
Notary Public  
RICHARD M. WESELY  
NOTARY PUBLIC, State of New York  
No. 30-4227835  
Qualified in Nassau County  
Certificate filed in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

Before me, a notary public in and for said county, personally appeared C. A. HANSEN, JR. and JOHN KANDRAVY, to me known and known to me to be the persons who, as chairman of the board of directors and secretary, respectively, of LCP CHEMICALS—NEW YORK, INC., the corporation which executed the foregoing instrument, signed the same and acknowledged to me that they did so sign said instrument in the name and on behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof I have hereunto subscribed my name and affixed my official seal at New York City, New York, this 14th day of December, 1979.

Attesting Witnesses:

*Deborah Fiedler*

Notary Public  
DEBORAH FIEDLER

NOTARY PUBLIC, State of New York  
No. 31-4694198  
Qualified in New York County  
Commission Expires March 30, 1981

*Raymond Borden*

*R. Fiedler*

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came C. A. HANSEN, JR. to me known, who, being by me duly sworn, did depose and say that he resides at 1 Scenic Drive, Highland, New Jersey 07732; that he is the Chairman of the Board of Directors of LCP CHEMICALS—NORTH CAROLINA, INC., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, that he signed his name thereto by like order as and for the voluntary act and deed of said corporation and that he received a certified true copy of said instrument on behalf of said corporation.

*Deborah Fiedler*

Notary Public  
DEBORAH FIEDLER  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
Qualified in New York County  
[Notarial Seal and Stamp]  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

This 14th day of December, 1979, personally came before me *Deborah Fiedler*, a notary public of the State of New York, JOHN KANDRAVY, who, being by me duly sworn, says that he knows the common seal of LCP CHEMICALS—NORTH CAROLINA, INC., and is acquainted with C. A. Hansen, Jr., who is the chairman of the board of directors, the presiding member, of said corporation, and that he, the said John Kandravy, is the secretary of the said corporation, and saw the said common seal of said corporation affixed to said instrument by said chairman of the board, and that he, the said John Kandravy, signed his name in attestation of the execution of said instrument, in the presence of said chairman of the board of said corporation. Witness my hand and official seal this 14th day of December, 1979.

*Deborah Fiedler*

[Official seal]

Notary Public  
DEBORAH FIEDLER  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
Qualified in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

Before me, a notary public in and for said county, personally appeared C. A. HANSEN, JR. and JOHN KANDRAVY, to me known and known to me to be the persons who, as chairman of the board of directors and secretary, respectively, of LCP CHEMICALS—NORTH CAROLINA, INC., the corporation which executed the foregoing instrument, signed the same and acknowledged to me that they did so sign said instrument in the name and on behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof I have hereunto subscribed my name and affixed my official seal at New York City, New York, this 14th day of December, 1979.

Attesting Witnesses:

*Deborah Fiedler*

Notary Public

DEBORAH FIEDLER

NOTARY PUBLIC, State of New York

No. 31-4694198

Qualified in New York County

Commission Expires March 30, 1981

*Raymond Borden*  
*R. Fenty*

STATE OF NEW YORK }  
COUNTY OF NEW YORK } SS.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came C. A. HANSEN, JR. to me known, who, being by me duly sworn, did depose and say that he resides at 1 Scenic Drive, Highland, New Jersey 07732; that he is the Chairman of the Board of Directors of LCP PLASTICS, INC., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, that he signed his name thereto by like order as and for the voluntary act and deed of said corporation and that he received a certified true copy of said instrument on behalf of said corporation.

*Deborah Fiedler*

DEBORAH FIEDLER  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
[Notarial Seal and Stamp]  
Qualified in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } SS.:

This 14th day of December, 1979, personally came before me *Deborah Fiedler*, a notary public of the State of New York, JOHN KANDRAVY, who, being by me duly sworn, says that he knows the common seal of LCP PLASTICS, INC., and is acquainted with C. A. Hansen, Jr., who is the chairman of the board of directors, the presiding member, of said corporation, and that he, the said John Kandravy, is the secretary of the said corporation, and saw the said common seal of said corporation affixed to said instrument by said chairman of the board, and that he, the said John Kandravy, signed his name in attestation of the execution of said instrument, in the presence of said chairman of the board of said corporation. Witness my hand and official seal this 14th day of December, 1979.

*Deborah Fiedler*

Notary Public

[Official seal]

DEBORAH FIEDLER  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
Qualified in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

Before me, a notary public in and for said county, personally appeared C. A. HANSEN, JR. and JOHN KANDRAVY, to me known and known to me to be the persons who, as chairman of the board of directors and secretary, respectively, of LCP PLASTICS, INC., the corporation which executed the foregoing instrument, signed the same and acknowledged to me that they did so sign said instrument in the name and on behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof I have hereunto subscribed my name and affixed my official seal at New York City, New York, this 14th day of December, 1979.

Attesting Witnesses:

*Deborah Fiedler*

Notary Public

*Raymond S. Sander*  
*A. Lentz*

DEBORAH FIEDLER  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
Qualified in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came C. A. HANSEN, JR. to me known, who, being by me duly sworn, did depose and say that he resides at 1 Scenic Drive, Highland, New Jersey 07732; that he is the Chairman of the Board of Directors of LCP TRANSPORTATION, INC., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, that he signed his name thereto by like order as and for the voluntary act and deed of said corporation and that he received a certified true copy of said instrument on behalf of said corporation.

*Deborah Fiedler*

Notary Public  
DEBORAH FIEDLER  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
Qualified in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

This 14th day of December, 1979, personally came before me *Deborah Fiedler*, a notary public of the State of New York, JOHN KANDRAVY, who, being by me duly sworn, says that he knows the common seal of LCP TRANSPORTATION, INC., and is acquainted with C. A. Hansen, Jr., who is the chairman of the board of directors, the presiding member, of said corporation, and that he, the said John Kandravy, is the secretary of the said corporation, and saw the said common seal of said corporation affixed to said instrument by said chairman of the board, and that he, the said John Kandravy, signed his name in attestation of the execution of said instrument, in the presence of said chairman of the board of said corporation. Witness my hand and official seal this 14th day of December, 1979.

*Deborah Fiedler*

Notary Public  
DEBORAH FIEDLER  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
Qualified in New York County  
Commission Expires March 30, 1981

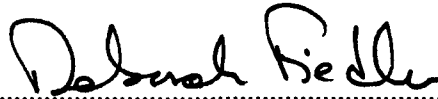
[Official seal]

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

Before me, a notary public in and for said county, personally appeared C. A. HANSEN, JR. and JOHN KANDRAVY, to me known and known to me to be the persons who, as chairman of the board of directors and secretary, respectively, of LCP TRANSPORTATION, INC., the corporation which executed the foregoing instrument, signed the same and acknowledged to me that they did so sign said instrument in the name and on behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.


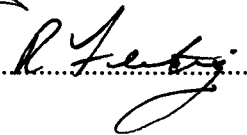
In testimony whereof I have hereunto subscribed my name and affixed my official seal at New York City, New York, this 14th day of December, 1979.

Attesting Witnesses:



Notary Public

**DEBORAH FIEDLER**  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
Qualified in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } SS.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came C. A. HANSEN, JR. to me known, who, being by me duly sworn, did depose and say that he resides at 1 Scenic Drive, Highland, New Jersey 07732; that he is the Chairman of the Board of Directors of PLASTIC INDUSTRIES, INC., the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the board of directors of said corporation, that he signed his name thereto by like order as and for the voluntary act and deed of said corporation and that he received a certified true copy of said instrument on behalf of said corporation.

*Deborah Fiedler*

~~Notary Public~~  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
[Notary Seal and Stamp]  
Qualified in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } SS.:

This 14th day of December, 1979, personally came before me *Deborah Fiedler*, a notary public of the State of New York, JOHN KANDRAVY, who, being by me duly sworn, says that he knows the common seal of PLASTIC INDUSTRIES, INC., and is acquainted with C. A. Hansen, Jr., who is the chairman of the board of directors, the presiding member, of said corporation, and that he, the said John Kandravy, is the secretary of the said corporation, and saw the said common seal of said corporation affixed to said instrument by said chairman of the board, and that he, the said John Kandravy, signed his name in attestation of the execution of said instrument, in the presence of said chairman of the board of said corporation. Witness my hand and official seal this 14th day of December, 1979.

*Deborah Fiedler*

~~Notary Public~~  
NOTARY PUBLIC, State of New York  
No. 31-4694198  
Qualified in New York County  
Commission Expires March 30, 1981

[Official seal]

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

Before me, a notary public in and for said county, personally appeared C. A. HANSEN, JR. and JOHN KANDRAVY, to me known and known to me to be the persons who, as chairman of the board of directors and secretary, respectively, of PLASTIC INDUSTRIES, INC., the corporation which executed the foregoing instrument, signed the same and acknowledged to me that they did so sign said instrument in the name and on behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof I have hereunto subscribed my name and affixed my official seal at New York City, New York, this 14th day of December, 1979.

Attesting Witnesses:

*Deborah Fiedler*

Notary Public  
DEBORAH FIEDLER  
NOTARY PUBLIC, State of New York  
No. 31-4694128  
Qualified in New York County  
Commission Expires March 30, 1981

*Raymond Bond*  
*R. Fiedler*

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came W. T. CUNNINGHAM to me known, who, being by me duly sworn, did depose and say that he resides at 3 ARLINGTON DR., DENVILLE, N. J.; that he is an assistant vice president of IRVING TRUST COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the by-laws of said corporation, that he signed his name thereto by like authority as and for the voluntary act and deed of said corporation.

JEAN F. NEWMAN  
Notary Public, State of New York  
No. 24-4612517  
Qualified in Kings County  
Certificate filed in New York County  
Commission Expires March 30, 1981

*Jean F. Newman*  
Notary Public

[Notarial Seal and Stamp]

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

This 14th day of December, 1979, personally came before me *JEAN F. NEWMAN*, a notary public of the State of New York, J. Moore, who, being by me duly sworn, says that he knows the common seal of IRVING TRUST COMPANY, and is acquainted with W. T. CUNNINGHAM, who is an assistant vice president of said corporation, and that he, the said J. Moore, is an assistant Secretary of the said corporation, and saw the said common seal of said corporation affixed to said instrument by said assistant vice president, and that he, the said J. Moore, signed his name in attestation of the execution of said instrument, in the presence of said assistant vice president of said corporation. Witness my hand and official seal this 14th day of December, 1979.

*Jean F. Newman*  
Notary Public

[Official seal]

JEAN F. NEWMAN  
Notary Public, State of New York  
No. 24-4612517  
Qualified in Kings County  
Certificate filed in New York County  
Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

Before me, a notary public in and for said county, personally appeared W. T. CUNNINGHAM and J. Moore, to me known and known to me to be the persons who, as assistant vice president and assistant secretary, respectively, of IRVING TRUST COMPANY, the corporation which executed the foregoing instrument, signed the same and acknowledged to me that they did so sign said instrument in the name and on behalf of said corporation as such officers, respectively; that the same is their free act and deed as such officers, respectively, and the free and corporate act and deed of said corporation; that they were duly authorized thereunto by authority of its by-laws; and that the seal affixed to said instrument is the corporate seal of said corporation.

In testimony whereof I have hereunto subscribed my name and affixed my official seal at New York City, New York, this 14th day of December, 1979.

Attesting Witnesses:

*John Larces*  
.....  
*M. Lichenwald*  
.....


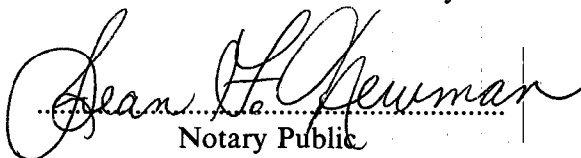
*Jean F. Newman*  
Notary Public

JEAN F. NEWMAN  
Notary Public, State of New York  
No. 24-4612517  
Qualified in Kings County  
Certificate filed in New York County  
Commission Expires March 30, 1981

Commission Expires March 30, 1981

STATE OF NEW YORK }  
COUNTY OF NEW YORK } ss.:

On the 14th day of December in the year 1979 before me, a notary public duly authorized in the state and county named above to take acknowledgments, personally came D. W. MAY, as trustee, to me known to be the individual described in and who executed the foregoing instrument, and acknowledged that he executed the same as and for his voluntary act and deed.

  
  
Notary Public

[Notarial Seal and Stamp]

JEAN F. NEWMAN  
Notary Public, State of New York  
No. 24-4612517  
Qualified in Kings County  
Certificate filed in New York County  
Commission Expires March 30, 1981

**SCHEDULE A**

**FLORIDA LAND**

ALL those certain lots, tracts or parcels of land situate, lying and being in the Town of Pompano Beach, County of Broward and State of Florida, described as follows:

Lots 102, 103 and 104 of EAST COAST INDUSTRIAL CENTER, according to the Plat thereof recorded in Plat Book 63 at page 30 of the Public Records of Broward County, Florida.

\* \* \*

**SCHEDULE B****GEORGIA LAND**

All of those certain lots, tracts or parcels of land situate, lying and being in the County of Glynn and State of Georgia, described and identified according to a print of a plat thereof made by James L. Conine, Georgia Registered Surveyor Number 1545, dated August 20, 1979, and revised on October 5, 1979, entitled "Linden Chemicals & Plastics, Inc.", which is made a part hereof for all purposes and containing three separate tracts which are described as follows:

**TRACT I:**

Beginning at a point shown on said plat as "point of beginning" which point marks the intersection of the Westerly line of Ross Road with the Northwesterly line of the Southern Railway Dock Spur and from said beginning point; running thence

1. In a Northerly direction along said Westerly line of Ross Road North  $7^{\circ}-23'-20''$  East for a distance of 1,165.08 feet; thence
2. North  $82^{\circ}-36'-40''$  West for a distance of 992.30 feet; thence
3. South  $7^{\circ}-23'-20''$  West for a distance of 125 feet; thence
4. North  $82^{\circ}-36'-40''$  West for a distance of 200 feet; thence
5. North  $5^{\circ}-38'-20''$  East for a distance of 527.11 feet; thence
6. South  $64^{\circ}-21'-20''$  West for a distance of 236.84 feet; thence
7. North  $9^{\circ}-46'-20''$  East along the Westerly line of the Brunswick Altamaha Canal for a distance of 1,005.92 feet; thence
8. Continuing along said line of said Canal North  $18^{\circ}-35'-40''$  West for a distance of 1,000.69 feet; thence
9. Continuing along said line of said Canal North  $25^{\circ}-13'-40''$  West for a distance of 538.88 feet; thence
10. South  $23^{\circ}-48'$  West for a distance of 200 feet, more or less, to the center line of Purvis Creek; thence

11. In a general Westerly, Northerly and Easterly direction along the center line of said Purvis Creek as it winds and turns and along the Westerly line of lands now or formerly of L. E. Robarts to the intersection of the center line of said Creek with the center line of duBignon Creek (said duBignon Creek also being known as Ellis Creek or Doerflinger Creek); thence

12. In a Westerly direction along the center line of duBignon Creek as it winds and turns to the center line of Gibson Creek; thence

13. In a general Southerly direction along the center line of Gibson Creek as it winds and turns to the low water line of Turtle River; thence

14. Continuing in a general Southerly direction along the low water line of Turtle River to an iron pipe marking the point where said low water line of Turtle River is intersected by the line shown on said map and plat as running from said Southern Railway Dock Spur South  $73^{\circ}-55'-50''$  West for a distance of 200 feet, more or less, and which line is reached in the manner hereinafter set out; returning thence

15. To the beginning point and running in a Southerly and Westerly direction along the Westerly and Northerly line of said Southern Railway Dock Spur with the tie lines as hereinafter set out; thence

16. South  $27^{\circ}-07'-40''$  West for a chord distance of 192.20 feet; thence

17. South  $33^{\circ}-37'-08''$  West for a chord distance of 412.47 feet; thence

18. South  $42^{\circ}-16'-13''$  West for a chord distance of 426.55 feet; thence

19. South  $51^{\circ}-31'-23''$  West for a chord distance of 434.96 feet; thence

20. South  $60^{\circ}-25'-27''$  West for a chord distance of 501.17 feet; thence

21. South  $70^{\circ}-21'-36''$  West for a chord distance of 429.86 feet; thence

22. Along the Northerly line of said Spur South  $74^{\circ}-03'-00''$  West for a distance of 887.1 feet; thence

23. South  $15^{\circ}-57'-00''$  East for a distance of 50 feet; thence

24. South  $74^{\circ}-03'-00''$  West for a distance of 1,586.42 feet; thence

25. Following the Northerly line of said Spur with inside curve data of delta  $3^{\circ}-28'-00''$ , a tangent of 42.9, a radius of 1,417.79 feet for a distance of 85.78 feet; thence

26. South  $77^{\circ}-31'-00''$  West for a distance of 705.30 feet; thence

27. South  $12^{\circ}-34'-40''$  East for a distance of 13 feet; thence

28. Following the Northerly and Westerly line of said Spur with outside curve data bearing a delta of  $84^{\circ}-9'-50''$ , a tangent of 440.72, a radius of 716.93, for a distance of 488.06 feet to a concrete monument; and thence

29. South  $73^{\circ}-55'-50''$  West for a distance of 200 feet, more or less, to the low water line of Turtle River and the point of intersection of said line with the Westerly line of the property herein described.

#### TRACT II:

To locate the beginning point commence at a point on the Westerly line of Ross Road which marks the point of intersection of the Northwestern line of the Southern Railway Dock Spur with said Westerly line of Ross Road, and from said beginning point; running thence North along the Westerly line of said Ross Road North  $7^{\circ}-23'-20''$  East for a distance of 1,165.08 feet; thence South  $78^{\circ}-04'$  East for a distance of 74.4 feet to a point on the Easterly line of Ross Road, which point marks the point of beginning of the tract herein described; and from said beginning point running thence

1. South  $7^{\circ}-23'-20''$  West for a distance of 502.03 feet; thence

2. South  $00^{\circ}-12'-05''$  West with a chord length of 231.95 feet; thence

3. North  $13^{\circ}-48'-50''$  East with a chord length of 273.41 feet; thence

4. North  $3^{\circ}-26'-50''$  West for a distance of 474.09 feet; and thence
5. South  $72^{\circ}-43'$  West for a distance of 30 feet to the point and place of beginning.

TRACT III:

That certain parcel shown on said plat in an inset which is more particularly described as follows: Commencing at the point of intersection at the Westerly line of Palmetto Street with the Northerly line of West Ninth Street; and from said beginning point running thence

1. North  $82^{\circ}-36'-40''$  West for a distance of 175 feet to the Southeasterly line of said Southern Railway Dock Spur; thence
2. In a Northeasterly direction along said Southeasterly line of said Dock Spur North  $60^{\circ}-15'-30''$  East with a chord distance of 219.5 feet to the point of intersection of the Westerly line of Palmetto Street with said Dock Spur; and thence
3. South  $7^{\circ}-23'-20''$  West along said Westerly line of Palmetto Street for a distance of 132.5 feet to the beginning point.

Reference is hereby made to said plat for further description and identification and for all other purposes.

\* \* \*

**SCHEDULE C****NEW JERSEY LAND**

ALL those certain lots, tracts or parcels of land situate, lying and being in the City of Linden, County of Union and State of New Jersey, more particularly described as follows:

**TRACT I:**

BEGINNING at the terminus of the Second Course of the Second Tract in a deed from Central Railroad Company of New Jersey to General Aniline & Film Corporation dated January 19, 1967, and recorded on January 20, 1967 in Deed Book 2794 on Page 745 in the Union County Register's Office; running thence

1. North  $58^{\circ}-57'-30''$  East, seventeen feet (17.00) to a point; thence
2. North  $31^{\circ}-02'-30''$  West, three hundred ten feet and fifty eight one-hundredths of a foot (310.58) to a point; thence
3. North  $28^{\circ}-58'-40''$  West, eighty seven feet and seven one-hundredths of a foot (87.07) to a point of curve; thence
4. Curving to the right along a curve having a Radius of three hundred forty feet and ninety one one-hundredths of a foot (340.91) an arc distance of one hundred fifty three feet and twenty five one-hundredths of a foot (153.25) to a point of tangency; thence
5. North  $3^{\circ}-13'-20''$  West, sixty nine feet and thirty two one-hundredths of a foot (69.32) to a point; thence
6. Curving to the right along a curve having a Radius of one thousand four hundred seven feet and sixty nine one-hundredths of a foot (1,407.69) an arc distance of one hundred ninety five feet and seventy one one-hundredths of a foot (195.71) to a point; thence
7. North  $75^{\circ}-50'-28''$  East, two hundred nineteen feet and seventy four one-hundredths of a foot (219.74) to a point; thence
8. South  $64^{\circ}-52'-17''$  East, nine hundred eighty three feet and twelve one-hundredths of a foot (983.12) to a point in the Pierhead and Bulkhead line of the Arthur Kill; thence

9. North  $2^{\circ}-42'-17''$  West, along the said Pierhead and Bulkhead line of the Arthur Kill, eighty six feet and forty one-hundredths of a foot (86.40) to a point; thence

10. North  $18^{\circ}-11'-43''$  East, continuing along the said Pierhead and Bulkhead line of the Arthur Kill, forty three feet and ninety two one-hundredths of a foot (43.92) to a point; thence

11. North  $64^{\circ}-52'-17''$  West, six hundred five feet and twenty seven one-hundredths of a foot (605.27) to a point of curve; thence

12. Curving to the right along a curve having a Radius of two hundred fifty feet (250.00) an arc distance of one hundred ninety five feet and forty two one-hundredths of a foot (195.42) to a point of tangency; thence

13. North  $20^{\circ}-05'$  West, five hundred seventy five feet and one one-hundredths of a foot (575.01) to a point; thence

14. North  $74^{\circ}-55'$  West, two hundred six feet and nineteen one-hundredths of a foot (206.19) to a point; thence

15. North  $15^{\circ}-05'$  East, one hundred sixty four feet and forty one-hundredths of a foot (164.40) to a point; thence

16. North  $74^{\circ}-52'$  West, two hundred thirty four feet (234.00) to a point; thence

17. South  $15^{\circ}-08'$  West, two hundred sixty five feet (265.00) to a point; thence

18. North  $74^{\circ}-52'$  West, eighty six feet and seventy three one-hundredths of a foot (86.73) to a point; thence

19. South  $69^{\circ}17'-40''$  West, forty three feet and twenty eight one-hundredths of a foot (43.28) to a point; thence

20. North  $74^{\circ}-52'$  West, twenty nine feet and two one-hundredths of a foot (29.02) to a point; thence

21. North  $15^{\circ}-08'$  East, one hundred twenty six feet and forty seven one-hundredths of a foot (126.47) to a point; thence

22. South  $74^{\circ}-51''$  East, twelve feet (12.00) to a point; thence

23. North  $15^{\circ}-08'$  East, twenty seven feet and ninety two one-hundredths of a foot (27.92) to a point; thence
24. North  $74^{\circ}-52'$  West, twelve feet (12.00) to a point; thence
25. North  $15^{\circ}-08'$  East, eighty eight feet and seventy two one-hundredths of a foot (88.72) to a point; thence
26. South  $74^{\circ}-52'$  East, six feet (6.00) to a point in the Sixth Course of the First Tract in the recorded deed mentioned hereinbefore; thence
27. North  $15^{\circ}-08'$  East, along part of said Sixth Course in the recorded deed mentioned hereinbefore, ninety one feet and eighty one one-hundredths of a foot (91.81) to a point; thence
28. North  $74^{\circ}-55'$  West, along the Seventh Course in the recorded deed mentioned hereinbefore, twenty feet and ninety nine one-hundredths of a foot (20.99) to a monument found; thence
29. South  $64^{\circ}-23'-30''$  West, two feet and seventy one-hundredths of a foot (2.70) to a point; thence
30. South  $15^{\circ}-09'$  West, ninety feet and twenty five one-hundredths of a foot (90.25) to a point; thence
31. South  $74^{\circ}-51'$  East, three feet (3.00) to a point; thence
32. South  $15^{\circ}-09'-00''$  West, eighty feet and seventy one one-hundredths of a foot (80.71) to a point; thence
33. North  $74^{\circ}-51'$  West, thirteen feet (13.00) to a point; thence
34. South  $15^{\circ}-09'$  West, twenty feet and fifty nine one-hundredths of a foot (20.59) to a point; thence
35. South  $74^{\circ}-51'$  East, thirteen feet (13.00) to a point; thence
36. South  $15^{\circ}-09'$  West, seventy two feet and ninety seven one-hundredths of a foot (72.97) to a point; thence
37. North  $74^{\circ}-51'$  West, ten feet (10.00) to a point; thence
38. South  $15^{\circ}-09'$  West, fifteen feet and sixty six one-hundredths of a foot (15.66) to a point; thence

39. South  $74^{\circ}-51'$  East, ten feet (10.00) to a point; thence
40. South  $15^{\circ}-09'$  West, fifty two feet and ninety six one-hundredths of a foot (52.96) to a point; thence
41. North  $74^{\circ}-52'$  West, seventy nine feet and sixty one one-hundredths of a foot (79.61) to a point; thence
42. North  $00^{\circ}-06'$  East, twenty four feet and six one-hundredths of a foot (24.06) to a point; thence
43. North  $51^{\circ}-52'$  West, forty two feet and twelve one-hundredths of a foot (42.12) to a point; thence
44. North  $36^{\circ}-58'-40''$  East, twenty one feet and eighty one-hundredths of a foot (21.80) to a point; thence
45. North  $29^{\circ}-02'-05''$  East, sixty one feet and thirty five one-hundredths of a foot (61.35) to a point; thence
46. North  $15^{\circ}-46'$  East, twenty six feet and seventy four one-hundredths of a foot (26.74) to a concrete monument; thence
47. North  $86^{\circ}-32'-41''$  West, forty three feet and forty-one one-hundredths of a foot (43.41) to a point; thence
48. North  $75^{\circ}-25'$  West, seventy five feet and fifty four one-hundredths of a foot (75.54) to a point; thence
49. North  $54^{\circ}-56'$  West, one hundred seventeen feet and forty seven one-hundredths of a foot (117.47) to a point; thence
50. North  $79^{\circ}-38'-10''$  West, two hundred thirty three feet and eighty three one-hundredths of a foot (233.83) to a point; thence
51. North  $82^{\circ}-00'-12''$  West, ninety four feet and sixty seven one-hundredths of a foot (94.67) to a point; thence
52. South  $37^{\circ}-56'$  West, three hundred feet (300.00) to a point in the Sixth Course of the First Tract in the recorded deed mentioned hereinbefore; thence
53. South  $52^{\circ}-18'$  East, along part of said Sixth Course in the recorded deed mentioned hereinbefore, seven hundred eighty two feet and forty two one-hundredths of a foot (782.42) to a point; thence

54. South  $46^{\circ}-03'-10''$  East, along the Seventh Course in the recorded deed mentioned hereinbefore, five hundred twenty two feet and seventy seven one-hundredths of a foot (522.77) to a point; thence

55. South  $31^{\circ}-07'-30''$  East, three hundred twenty feet and sixty five one-hundredths of a foot (320.65) to a point; thence

56. South  $58^{\circ}-52'-30''$  West, two feet and ninety six one-hundredths of a foot (2.96) to a point; thence

57. South  $31^{\circ}-02'-30''$  East, five hundred thirty feet (530.00) to the point and place of BEGINNING.

The above described tract contains 24.22 acres.

BEING known and designated as Tax Lot 3.01 in Block 587 as shown on the Tax Map of the City of Linden.

The foregoing description is in accordance with that certain Resubdivision Map of Lot 3 in Block 587 of the Tax Map of the City of Linden, Union County, New Jersey, into three lots prepared by Grassmann, Kreh and Mixer, Surveyors, of Union, New Jersey, which Subdivision Map was recorded on June 16, 1977 in the Office of the Register of Union County as Map No. 712-C and is also in accordance with the survey also prepared by Grassmann, Kreh and Mixer, dated February 15, 1972, revised to April 4, 1973.

#### TRACT II:

BEGINNING at a point being South  $64^{\circ}23'30''$  West, 2.70 feet distant from a concrete monument, said monument being the 19th course of a metes and bounds description of a survey, schedule "A", made by Grassmann, Kreh and Mixer, Inc., Engineers and Surveyors, 1034 Salem Road, Union, New Jersey, dated February 15, 1972, continued to April 4, 1973, also being a portion of a tract in a certain deed of conveyance from the Central Railroad Company of New Jersey to General Aniline and Film Corporation dated June 19, 1967, in the Register's Office of Union County, New Jersey, June 20, 1967, in deed book 2794, Page 745, running thence

1. South  $64^{\circ}23'30''$  West, 131.30 feet to a concrete monument; thence

2. South  $15^{\circ}46'00''$  West, 103.00 feet to a concrete monument; thence

3. Continuing South  $15^{\circ}46'00''$  West, 26.74 feet to a point; thence
4. South  $29^{\circ}02'05''$  West, 61.35 feet to a point; thence
5. South  $36^{\circ}58'40''$  West, 21.80 feet to a point; thence
6. South  $51^{\circ}52'00''$  East, 42.12 feet to a point; thence
7. South  $00^{\circ}06'00''$  West, 24.06 feet to an iron pipe; thence
8. South  $74^{\circ}52'00''$  East, 79.61 feet to a point; thence
9. Paralleling the railroad siding, North  $15^{\circ}09'00''$  East, 52.96 feet to a point; thence
10. North  $74^{\circ}51'00''$  West, 10.00 feet to a point; thence
11. Paralleling the railroad siding, North  $15^{\circ}09'00''$  East, 15.66 feet to a point; thence
12. South  $74^{\circ}51'00''$  East, 10.00 feet to a point; thence
13. Paralleling the railroad siding, North  $15^{\circ}09'00''$  East, 72.97 feet to a point; thence
14. North  $74^{\circ}51'00''$  West, 13.00 feet to a point; thence
15. Paralleling the railroad siding, North  $15^{\circ}09'00''$  East, 20.59 feet to a point; thence
16. South  $74^{\circ}51'00''$  East, 13.00 feet to a point; thence
17. Paralleling the railroad right-of-way, North  $15^{\circ}09'00''$  East, 80.71 feet to a point; thence
18. North  $74^{\circ}51'00''$  West, 3.00 feet to a point; thence
19. Paralleling the railroad siding, North  $15^{\circ}09'00''$  East, 90.25 feet to the point and place of BEGINNING.

The above-described tract contains .67 acres.

Being known and designated as Tax Lot 3.02 in Block 587 as shown on the Tax Map of the City of Linden.

The foregoing description is made in accordance with that certain Resubdivision Map of Lot 3 in Block 587 of the Tax Map of the City of Linden, Union County, New Jersey, into three lots prepared by Grassmann,

Kreh and Mixer, Surveyors, of Union, New Jersey, which Subdivision Map was recorded on June 16, 1977 in the Office of the Register of Union County as Map No. 712-C.

Being part of those premises described in the Deed dated August 24, 1972 from GAF Corporation, a Delaware Corporation, to Linden Chlorine Products, Inc., a Delaware Corporation and the Grantor named herein, which Deed was recorded August 25, 1972 in Book 2954, at Page 273 in the Office of the Register, Union County, New Jersey.

TRACT III:

BEGINNING at an iron pipe in the fence line between the lands of Linden Chemicals & Plastics, Inc. (formerly Linden Chlorine Products, Inc.) and GAF Corporation said iron pipe being located South  $74^{\circ}52'00''$  East, 234.00 feet from a monument in the northwesterly side line of the 50-foot right-of-way of the Sound Shore Branch of the Central Railroad of New Jersey; running thence

1. South  $74^{\circ}52'00''$  East, 138.10 feet to a concrete monument, said monument being the 16th course of the metes and bounds description of a survey, schedule "A", made by Grassmann, Kreh and Mixer, Inc., Engineers and Surveyors, 1034 Salem Road, Union, New Jersey, February 15, 1972, continued to April 4, 1973, and being a portion of a tract and a certain deed of conveyance from the Central Railroad of New Jersey to General Aniline and Film Corporation, dated June 19, 1967, in the Register's Office of Union County, New Jersey, June 20, 1967 in Deed Book No. 2794, Page 745; thence

2. North  $15^{\circ}17'00''$  East, 44.59 feet to a concrete monument; thence

3. South  $74^{\circ}55'00''$  East, 6.85 feet to a point; thence

4. Paralleling the railroad siding, South  $15^{\circ}08'00''$  West, 91.81 feet to a point; thence

5. North  $74^{\circ}52'00''$  East, 6.00 feet to a point; thence

6. Paralleling the railroad siding, South  $15^{\circ}08'00''$  West, 88.72 feet to a point; thence

7. South 74°52'00" West, 12.00 feet to a point; thence
8. Paralleling the railroad siding, South 15°08'00" West, 27.92 feet to a point; thence
9. North 74°51'00" East 12.00 feet to a point; thence
10. Paralleling the railroad siding, South 15°08'00" West, 126.47 feet to a point; thence
11. South 74°52'00" West, 20.02 feet to a point; thence
12. North 69°17'40" East, 43.28 feet to a point; thence
13. South 74°52'00" East, 86.73 feet to a point; thence
14. Paralleling the right-of-way of the lands of Sound Shore Branch of the Central Railroad of New Jersey, North 15°08'00" East, 265.00 feet to the point and place of BEGINNING.

The above-described tract includes .94 acres.

Being known and designated as Tax Lot 3.03 in Block 587 as shown on the Tax Map of the City of Linden.

The foregoing description is made in accordance with that certain Resubdivision Map of Lot 3 in Block 587 of the Tax Map of the City of Linden, Union County, New Jersey, into three lots prepared by Grassmann, Kreh and Mixer, Surveyors, of Union, New Jersey, which Subdivision Map was recorded on June 16, 1977 in the Office of the Register of Union County as Map No. 712-C.

Being part of those premises described in the Deed dated August 24, 1972 from GAF Corporation, a Delaware Corporation, to Linden Chlorine Products, Inc., a Delaware Corporation and the Grantor named herein, which Deed was recorded August 25, 1972 in Book 2954, at Page 273 in the Office of the Register, Union County, New Jersey.

\* \* \*

**SCHEDULE D**  
**NEW YORK LAND**

**PARCEL I:**

ALL THAT TRACT OR PARCEL OF LAND, situate in the Village of Solvay, Town of Geddes, County of Onondaga and State of New York, being part of Farm Lots 44, 45 and 46 of the Onondaga Salt Springs Reservation in said Town of Geddes, being all of lands conveyed by Stefan Duffy and Helen Duffy, his wife, to The Solvay Process Company by deed dated July 26, 1928 and recorded in Onondaga County Clerk's Office July 26, 1928 in Book of Deeds 594 at Page 147, being all of lands conveyed by Meyer L. Black and Rose Black, his wife, to The Solvay Process Company by deed dated September 24, 1931 in Book of Deeds 569 at Page 282, being part of lands conveyed by Turk's Island Coarse Salt Company to The Solvay Process Company by deed dated September 1, 1920 and recorded in Onondaga County Clerk's Office September 14, 1920 in Book of Deeds 483 at Page 314, being part of lands conveyed by Wilfred W. Porter and Genevieve O. Porter, his wife, to The Solvay Process Company by deed dated October 26, 1920 and recorded in Onondaga County Clerk's Office August 3, 1921 in Book of Deeds 502 at Page 20, being part of lands conveyed by Village of Solvay (A Municipal Corp.) to The Solvay Process Company by deed dated January 2, 1923 and recorded in Onondaga County Clerk's Office January 4, 1923 in Book of Deeds 502 at Page 401, being part of Parcels No. 525 and No. 526 in said deed, being part of lands conveyed by Village of Solvay (A Municipal Corp.) to The Solvay Process Company by deed dated October 29, 1925 and recorded in Onondaga County Clerk's Office November 17, 1925 in Book of Deeds 556 at Page 183, being part of lands conveyed by Atmospheric Nitrogen Corporation to The Solvay Process Company by deed dated November 18, 1925 and recorded in Onondaga County Clerk's Office November 19, 1925 in Book of Deeds 556 at Page 187, and being part of lands conveyed by Atmospheric Nitrogen Corporation to The Solvay Process Company by deed dated October 1, 1936 and recorded in Onondaga County Clerk's Office December 23, 1936 in Book of Deeds 820 at Page 49 and being more particularly described as follows:

BEGINNING at a point in the westerly street line of Bridge Street (Solvay-State Fair-Syracuse S.H. 1353) marked by a New York State cut

stone monument, designated as Station 6 + 19/66 feet west of a New York State Department of Transportation baseline as shown on Map No. 6 and designated Parcel No. 12, said monument marking the former southerly blue line of the Erie Canal, part of which now is the division line between lands of LCP Chemicals-New York, Inc. on the north and Niagara Mohawk Power Corporation on the south; running thence

1. North  $87^{\circ} 18' 00''$  West, along said division line a distance of 392.40 feet to a point; thence

2. South  $2^{\circ} 42' 00''$  West, along said division line between Allied Chemical Corporation and Niagara Mohawk Power Corporation, a distance of 42.61 feet to a point; thence

3. South  $67^{\circ} 31' 38''$  West, along said division line, a distance of 25.19 feet to a point; thence

4. South  $76^{\circ} 58' 30''$  West, along said division line, a distance of 348.06 feet to a point in the northerly street line of Mathews Avenue; thence

5. North  $79^{\circ} 06' 00''$  West, along said northerly street line of Mathews Avenue, a distance of 167.13 feet to a point of curvature in said street line; thence

6. Northerly following a curve to the right having a radius of 25 feet and is subtended by a central angle of  $102^{\circ} 10'$ , an arc distance of 44.58 feet to a point of tangency in the easterly boundary line of Belle Isle Road; thence

7. North  $23^{\circ} 04' 00''$  East, along said easterly boundary line, a distance of 203.84 feet to a point of curvature in said boundary line; thence

8. Northerly and westerly following a curve to the left having a radius of 175 feet and is subtended by a central angle of  $90^{\circ}$ , an arc distance of 274.89 feet to a point of tangency in the northerly boundary line of Belle Isle Road; thence

9. North  $66^{\circ} 56' 00''$  West, along said northerly boundary line, a distance of 1358.23 feet to a point being the southeast corner of John Wojcik lands; thence

10. North  $23^{\circ} 04' 00''$  East, along the division line between lands of LCP Chemicals-New York, Inc. on the east and John Wojcik on the west, a distance 140 feet to a point in the northwesterly line of Farm Lot 44 and also being the northeast corner of John Wojcik lands; thence

11. North  $59^{\circ} 14' 08''$  East along said line of Farm Lot 44, a distance of 166.26 feet to a point marked by an original Solvay Process Company concrete and brass monument; thence

12. North  $58^{\circ} 32' 00''$  East along said line of Farm Lot 44 and the northwesterly line of Farm Lot 45, a distance of 1338.76 feet to the northwest corner of said Farm Lot 45 and also being the southwest corner of Woltam Realty Co., Inc. lands marked by an original Solvay Process Company concrete and brass monument; thence

13. South  $31^{\circ} 54' 00''$  East along said northeasterly line of Farm Lot 45, and also being the southwesterly lands of said Woltam Realty Co., Inc., a distance of 875.58 feet to an iron rod property marker marking the northwest corner of lands conveyed to Chemtech Industries, Inc. as recorded in Book of Deeds 2526 at Page 519; thence

14. South  $53^{\circ} 31' 17''$  West, along the division line between LCP Chemicals-New York, Inc. on the west, Chemtech Industries, Inc. on the east, a distance of 255.17 feet to an iron rod property marker marking the southwest corner of said Chemtech Industries, Inc.; thence

15. South  $36^{\circ} 35' 53''$  East along said division line between LCP Chemicals-New York, Inc. on the southwesterly side and Chemtech Industries, Inc. on the northeasterly side, a distance of 335.69 feet to an angle point therein; thence

16. South  $26^{\circ} 41' 26''$  East along said division line, a distance of 364.54 feet to a point; thence

17. North  $65^{\circ} 32' 09''$  East, along said division line, a distance of 225.06 feet to a point in the westerly street line of Bridge Street (Solvay-State Fair Syracuse S.H. No. 1353), said point being 1.92 feet southwesterly of a New York State cut stone monument designated as Station 10+45/67 feet west of a New York State Department of Transportation baseline as shown on Map No. 6 and designated as Parcel No. 12; thence

18. South  $1^{\circ} 54' 42''$  West, along said westerly street line of Bridge Street, a distance of 245.44 feet to a New York State cut stone monument, designated as Station 8+00/100 feet west of said State baseline as shown on Map No. 6 designated as Parcel No. 12; thence

19. South  $22^{\circ} 52' 41''$  East, along said westerly street line, a distance of 148.24 feet to a New York State cut stone monument designated as Station 6+55/50 feet west of said State baseline as shown on Map No. 6 designated as Parcel No. 12; thence

20. South  $21^{\circ} 16' 03''$  West, along said westerly street line of Bridge Street, a distance of 39.53 feet to a New York State cut stone monument designated as Station 6+19/66 feet west of said State baseline as shown on Map No. 6 designated as Parcel No. 12 and point of beginning, being 32.1451 acres of land more or less in said Town of Geddes and being 11.1199 acres of land more or less in said Village of Solvay.

TOGETHER WITH a Permanent Right of Way over, across and under a strip of land 50 feet in width being 144 feet in length, for the purposes of maintaining a 24-inch canal water line from the canal to the northerly road boundary line of Belle Isle Road over:

ALL THAT TRACT OR PARCEL OF LAND situate in the Village of Solvay, Town of Geddes, County of Onondaga and State of New York, being part of Farm Lots 44, 45 and 46 of the Onondaga Salt Springs Reservation in said Town of Geddes and being part of lands conveyed by Village of Solvay to the Solvay Process Company by Deed dated January 2, 1923 and recorded in Onondaga County Clerk's Office January 4, 1923 in Book of Deeds 502 at page 401, being more particularly described as follows:

BEGINNING at a point in the northerly road boundary line of Belle Isle Road, said point being westerly  $N 66^{\circ} 56' 00'' W$ , a distance of 233 feet, as measured along said northerly road boundary line of Belle Isle Road, from the point of tangency of the easterly road boundary line of Belle Isle Road as referenced in Book of Deeds 556 at Page 187 of lands conveyed to the Solvay Process Company; running thence

(a)  $S 23^{\circ} 04' 00'' W$ , a distance of 144 feet to a point; thence

(b)  $N 66^{\circ} 56' 00'' W$ , a distance of 50 feet to a point; thence

(c)  $N 23^{\circ} 04' 00'' E$ , a distance of 144 feet to a point in the northerly road boundary line of Belle Isle Road, thence

(d) S  $66^{\circ} 56' 00''$  E, along said northerly road boundary line, a distance of 50 feet to the point of beginning.

That portion of the above described premises lying within the confines of Belle Isle Road, being 66 feet in width, is subject to the rights of the public to use the same for street and highway purposes.

TOGETHER WITH A PERMANENT RIGHT OF WAY over the property over the adjacent property owned by Allied Chemical Corporation to use, maintain, repair and replace an existing 8 inch water pipe line between the improvements situated on Parcel I and the water main of the Onondaga County Water Department located east of Bridge Street (Solvay-State Fair-Syracuse S.H. No. 1353).

SUBJECT, HOWEVER, TO A PERMANENT RIGHT OF WAY RESERVED by Allied Chemical Corporation to be used for constructing, operating, maintaining, repairing, altering, replacing and removing waste lines and providing a service road along said waste lines, described as follows:

BEGINNING at a point in the westerly street line of Bridge Street (Solvay-State Fair-Syracuse S.H. No. 1353) said point being North  $22^{\circ} 52' 41''$  West, as measured along said westerly street line of Bridge Street, a distance of 51.92 feet from a New York State cut stone monument designated as Station 6 + 55/50 feet west of a State baseline as shown on Map No. 6 designated as Parcel No. 12; running thence

(A) North  $89^{\circ} 18' 40''$  West, a distance of 187.41 feet to a point; thence

(B) North  $56^{\circ} 48' 25''$  West, a distance of 127.86 feet to a point; thence

(C) North  $38^{\circ} 13' 14''$  West, a distance of 101.83 feet to a point; thence

(D) North  $33^{\circ} 10' 58''$  West, a distance of 322.48 feet to a point; thence

(E) North  $36^{\circ} 22' 46''$  West, a distance of 1289.07 feet to a point in the northwesterly line of Farm Lot 45; thence

(F) North  $58^{\circ} 32' 00''$  East, along said northwesterly line of Farm Lot 45, a distance of 33.12 feet to a point; thence

(G) South 36° 22' 46" East, a distance of 1286.23 feet to a point; thence

(H) South 47° 03' 14" East, a distance of 583.71 feet to a point; thence

(I) North 87° 40' 30" East, a distance of 60.48 feet to a point in the westerly street line of Bridge Street; thence

(J) South 22° 52' 41" East, as measured along said westerly street line, a distance of 50.45 feet to the point of beginning.

SUBJECT FURTHER TO A PERMANENT RIGHT OF WAY RESERVED by Allied Chemical Corporation to be used for maintaining an existing 30 inch pipeline located thereon to supply canal water to the plant owned by Allied Chemical Corporation east of Bridge Street, and to enter onto said right of way to reconstruct, operate, maintain, repair, alter and remove this 30 inch pipeline and replace it with a larger or smaller pipeline or with a pipeline of the same size to supply canal water to the plant of Allied Chemical Corporation, said right of way being described as follows:

A strip of land 50 feet in width, being 25 feet each side of the center line of said 30 inch pipe line, beginning in the easterly boundary line of Belle Isle Road and extending easterly to the westerly street line of Bridge Street (Solvay-State Fair-Syracuse S.H. 1353) as shown on a survey map dated June 18, 1979 prepared for Allied Chemical Corporation by William A. Nicolini, licensed as a Land Surveyor by the State of New York.

#### PARCEL II:

ALL THAT TRACT OR PARCEL OF LAND, situate in the Village of Solvay, Town of Geddes and Town of Camillus, County of Onondaga and State of New York, being part of Farm Lots 31, 37, 38, 39, 40 and 44 of the Onondaga Salt Springs Reservation in said Town of Geddes and being part of Farm Lot 69 in said Town of Camillus, being part of lands conveyed by William A. Gere and Carrie M. Gere (his wife) and J. Brewster Gere and Hattie M. Gere (his wife) to The Solvay Process Company by Deed dated October 18, 1920 and recorded in Onondaga County Clerk's Office August 3, 1921 in Book of Deeds 502 at page 17, being part of lands conveyed by Wilfred W. Porter and Genevieve O. Porter (his wife) to The Solvay Process Company by Deed dated October 26, 1920 and recorded in Onondaga County Clerk's Office August 3, 1921 in Book of Deeds 502 at

page 20, being part of lands conveyed by Keene Coughlin to The Solvay Process Company by Deed dated October 25, 1920 and recorded in Onondaga County Clerk's Office August 3, 1921 in Book of Deeds 502 at page 23, being part of lands conveyed by Peter J. B. Smith and Mary G. Smith (his wife) to The Solvay Process Company by Deed dated October 27, 1920 and recorded in Onondaga County Clerk's Office August 3, 1921 in Book of Deeds 502 at page 24, being all of lands conveyed by Wilfred W. Porter and Genevieve O. Porter (his wife) to The Solvay Process Company by Deed dated December 4, 1925 and recorded in Onondaga County Clerk's Office December 7, 1925 in Book of Deeds 556 at page 198, being all of lands conveyed by Joseph Duda and Anna Duda (his wife) to The Solvay Process Company by Deed dated November 4, 1926 and recorded in Onondaga County Clerk's Office November 8, 1926 in Book of Deeds 556 at page 565, being all of lands conveyed by Denis Sawka and Zofij Sawka (his wife) to The Solvay Process Company by Deed dated February 17, 1927 and recorded in Onondaga County Clerk's Office February 18, 1927 in Book of Deeds 578 at page 47, being part of lands conveyed by The New York Central Railroad Company to The Solvay Process Company by Deed dated April 19, 1927 and recorded in Onondaga County Clerk's Office May 5, 1927 in Book of Deeds 578 at page 137, being all of lands conveyed by Wilfred W. Porter and Genevieve O. Porter (his wife) to The Solvay Process Company by Deed dated October 26, 1927 and recorded in Onondaga County Clerk's Office November 9, 1927 in Book of Deeds 578 at page 413, being all of lands conveyed by Frank Kapusniak and Jozefa Kapusniak (his wife) to Solvay Process Company by Deed dated July 28, 1928 and recorded in Onondaga County Clerk's Office July 30, 1928 in Book of Deeds 594 at page 152, being all of lands conveyed by Robert Benedetti and Angelina Benedetti (his wife) to The Solvay Process Company by Deed dated August 26, 1930 and recorded in Onondaga County Clerk's Office August 28, 1930 in Book of Deeds 631 at page 117, being part of lands conveyed by Atmospheric Nitrogen Corporation to The Solvay Process Company by Deed dated October 1, 1936 and recorded in Onondaga County Clerk's Office December 23, 1936 in Book of Deeds 820 at page 49, being all of lands conveyed by Eva Bruzdinski to The Solvay Process Company By Deed dated May 26, 1941 and recorded in Onondaga County Clerk's Office May 26, 1941 in Book 967 of Deeds at page 522, being all of lands conveyed by Sophie Szemczk to The Solvay Process Company by Deed dated October 27, 1955 and recorded in Onondaga County Clerk's Office October 28, 1955 in Book of Deeds 1778 at page 105, and being all of

lands conveyed by John Markow and Frances Markow (his wife) to Allied Chemical Corporation by Deed dated February 27, 1974 and recorded in Onondaga County Clerk's Office November 8, 1974 in Book of Deeds 2543 at page 121; and being more particularly described as follows:

BEGINNING at a point in the northerly road boundary line of Belle Isle Road at the southwesterly corner of lands reputedly owned by John Wojcik as recorded in Book of Deeds 527 at page 86, said point of beginning also being westerly North  $66^{\circ} 56' 00''$  West, a distance of 1403.23 feet, as measured along said northerly road boundary line of Belle Isle Road, from the point of tangency of the easterly road boundary line of Belle Isle Road as referenced in Book of Deeds 556 at page 187 of lands conveyed to The Solvay Process Company; running thence

1. North  $66^{\circ} 56' 00''$  West, along the northerly road boundary line of Belle Isle Road, a distance of 99.77 feet to an angle point therein; thence

2. North  $66^{\circ} 09' 10''$  West, along said northerly road boundary line, a distance of 325.23 feet to the southeasterly corner of lands reputedly owned by Edward Malys and Anna R. Malys as recorded in Book of Deeds 2041 at page 635; thence

3. North  $23^{\circ} 50' 50''$  East, along said easterly line of Malys, a distance of 140 feet to a point; thence

4. North  $66^{\circ} 09' 10''$  West, parallel with the northerly road boundary line of Belle Isle Road and along the northerly lines of lands reputedly owned by Edward Malys and Anna R. Malys, Frank Polack and Stanley Kapuscinski, a distance of 160 feet to a point; thence

5. South  $23^{\circ} 50' 50''$  West, along the westerly line of lands reputedly owned by Stanley Kapuscinski as recorded in Book of Deeds 2395 at page 1070, a distance of 140 feet to a point in the northerly road boundary line of Belle Isle Road; thence

6. North  $66^{\circ} 09' 10''$  West, along the northerly road boundary line of Belle Isle Road, a distance of 100 feet to the southeasterly corner of lands reputedly owned by Josephine Neufang, et al, as recorded in Book of Deeds 2617 at page 113; thence

7. North  $23^{\circ} 50' 50''$  East, along said easterly line of Neufang, a distance of 140 feet to a point; thence

8. North  $66^{\circ} 09' 10''$  West, parallel with the northerly road boundary line of Belle Isle Road and along said northerly line of Neufang, a distance of 50 feet to a point in the easterly line of lands reputedly owned by John Markow and Frances Markow as recorded in Book of Deeds 2543 at page 118; thence

9. North  $22^{\circ} 50' 06''$  East, along said easterly line of Markow, a distance of 470.25 feet to a point; thence

10. North  $66^{\circ} 44' 55''$  West, along said northerly line of Markow, a distance of 311.42 feet to a point in the easterly line of lands reputedly owned by Frances Markow and John Markow as recorded in Book of Deeds 1820 at page 375; thence

11. North  $23^{\circ} 04' 00''$  East, along said easterly line of Markow, a distance of 500 feet to a point; thence

12. North  $66^{\circ} 49' 15''$  West, along said northerly line of Markow, a distance of 346.50 feet to a point; thence

13. South  $23^{\circ} 04' 00''$  West, along said westerly line of Markow, a distance of 1018.09 feet to a point; thence

14. North  $66^{\circ} 30' 09''$  West, parallel with the northerly road boundary line of Belle Isle Road and along the northerly line of lands reputedly owned by Nicholas Kazel as recorded in Book of Deeds 1594 at page 458 and lands of Frank Kotash, a distance of 188.76 feet to a point; thence

15. South  $23^{\circ} 04' 00''$  West, along said westerly line of Kotash, a distance of 108.90 feet to a point in the northerly road boundary line of Belle Isle Road; thence

16. North  $66^{\circ} 30' 09''$  West, along the northerly road boundary line of Belle Isle Road, a distance of 235.42 feet to a point in the easterly line of lands reputedly owned by Michael Sawka and Helen F. Sawka as recorded in Book of Deeds 1844 at page 229; thence

17. North  $23^{\circ} 17' 51''$  East, along said easterly line of Sawka, a distance of 166.32 feet to the southerly line of said Sawka lands; thence

18. South  $66^{\circ} 42' 09''$  East, along Sawka's southerly line, a distance of 23.76 feet to a point; thence

19. North  $23^{\circ} 17' 51''$  East, along said easterly line of Sawka, a distance of 179.52 feet to a point; thence

20. North  $10^{\circ} 17' 51''$  East, along said easterly line of Sawka, a distance of 84.48 feet to a point; thence

21. North  $21^{\circ} 18' 36''$  East, along said easterly line of Sawka, a distance of 149.80 feet to a point; thence

22. North  $32^{\circ} 27' 40''$  West, along the northeasterly line of Sawka lands and lands reputedly owned by Paul A. Smith and Anna P. Smith and Walter Jablonski as recorded in Book of Deeds 2257 at page 419, a distance of 302.28 feet to the center line of Horan Road (formerly Lakeside Road); thence

23. North  $57^{\circ} 30' 40''$  East, along the center line of Horan Road, a distance of 28.38 feet to a point; thence

24. North  $32^{\circ} 27' 40''$  West, along the northeasterly line of lands reputedly owned by James L. Chapman and Donna E. Chapman as recorded in Book of Deeds 2453 at page 1059 and lands reputedly owned by Charles A. Smith and Irene F. Smith as recorded in Book of Deeds 2611 at page 131, a distance of 471.94 feet which passes through a New York State cut stone monument designated as Station A 82 + 26.94/298.09 feet southeasterly of a New York State Department of Transportation base line as shown on Map No. 43 and designated as Parcel No. 66, said monument marking the southeasterly corner of a Permanent Easement for Stream Channel; thence

25. South  $57^{\circ} 34' 45''$  West, along said westerly line of Smith, a distance of 25.77 feet to a point in the easterly boundary line of the Fairmount-State Fair State Highway No. 132; thence

26. North  $36^{\circ} 50' 27''$  East, along said easterly highway boundary line, a distance of 253.51 feet to the southwesterly line of Consolidated Rail Corporation lands, marked by a New York State cut stone monument designated as Station A 84 + 76.61/219.67 feet northwesterly of a New York State Department of Transportation base line as shown on Map No. 43 and designated as Parcel No. 65, said point being distant southwesterly 66 feet at right angles from the monumented center line of the Railroad Company lands; thence

27. South  $71^{\circ} 22' 25''$  East, along the southwesterly line of lands reputedly owned by Consolidated Rail Corporation (through receivership of the former lands of New York Central Railroad and/or Penn Central Railroad Company), said property line being distant southwesterly 66 feet at right angles from the monumented center line of the Railroad Company lands, a distance of 1744.51 feet to a point; thence

28. North  $58^{\circ} 47' 35''$  East, along said Consolidated Rail Corporation line, a distance of 21.59 feet to a point being distant southwesterly 49.50 feet at right angles from the monumented center line of the Railroad Company lands; thence

29. South  $71^{\circ} 22' 25''$  East, along said southwesterly line of Consolidated Rail Corporation lands, said property line being distant southwesterly 49.50 feet at right angles from the monumented center line of the Railroad Company lands, a distance of 1693.17 feet to a point where the southwesterly line of Consolidated Rail Corporation is intersected by the southeasterly line of Farm Lot 40; thence

30. South  $58^{\circ} 32' 00''$  West, along said southeasterly line of Farm Lot 40 and along the northwesterly line of lands reputedly owned by Woltam Realty Co., Inc. as recorded in Book of Deeds 2096 at page 327, a distance of 221.41 feet to a point marked by an original Solvay Process Company concrete and brass monument; thence

31. South  $58^{\circ} 32' 00''$  West, continuing along the southeasterly line for Farm Lot 40, a distance of 1338.76 feet to a point marked by an original Solvay Process Company concrete and brass monument; thence

32. South  $59^{\circ} 14' 08''$  West, along the southeasterly line of Farm Lot 39, a distance of 166.26 feet to the northeasterly corner of lands reputedly owned by John Wojcik as recorded in Book of Deeds 527 at page 86; thence

33. North  $66^{\circ} 56' 00''$  West, parallel with the northerly road boundary line of Belle Isle Road and along said northerly line of Wojcik, a distance of 45 feet to a point; thence

34. South  $23^{\circ} 04' 00''$  West, along said westerly line of Wojcik, a distance of 140 feet to a point in the northerly road boundary line of Belle Isle Road and point of beginning.

SUBJECT TO A PERMANENT RIGHT OF WAY RESERVED by Allied Chemical Corporation along and across said Horan Road, being a strip 60 feet in width, for the purposes of maintaining a service road entrance for access to waste line pipes and property west of the Fairmount-State Fair State Highway No. 132, and to be used by the Town of Geddes for highway purposes, said Permanent Right of Way to be operative with respect to Allied Chemical Corporation in the event the Town of Geddes will or already has abandoned said portion of Horan Road, and being more particularly described as follows:

BEGINNING at a point in the center line of Horan Road where it is intersected by the most southwesterly line of said lands above described; running thence

(A) North  $57^{\circ} 30' 40''$  East, along said center line of Horan Road, a distance of 28.38 feet to a point; thence

(B) North  $32^{\circ} 27' 40''$  West, a distance of 30 feet to a point; thence

(C) North  $57^{\circ} 30' 40''$  East, along the northwesterly road boundary line of Horan Road, a distance of 640.23 feet to the southwesterly line of Consolidated Rail Corporation; thence

(D) South  $71^{\circ} 22' 25''$  East, along said southwesterly line, a distance of 77.08 feet to a point; thence

(E) South  $57^{\circ} 30' 40''$  West, along the southeasterly road boundary line of Horan Road, a distance of 717.03 feet to a point; thence

(F) North  $32^{\circ} 27' 40''$  West, a distance of 30 feet to the center line of Horan Road and point of beginning. Said premises, less said exception containing 65.3785 acres of land, more or less.

TOGETHER WITH the right to use, in common with Allied Chemical Corporation, its successors and assigns, the permanent easement to transmit waters, fluids, liquids or gases as reserved to Allied Chemical Corporation over a parcel shown as Parcel No. 65 on New York State Department of Transportation Map No. 43 in the appropriation by the People of the State of New York by Notice of Appropriation to Allied Chemical Corporation, Niagara Mohawk Power Corporation, New York Telephone Company, Charles Clark, Clara Clark, Willie Banks

and Erlene Banks, dated April 19, 1971 and recorded April 19, 1971 in the Onondaga County Clerk's office in Book of Deeds 2448, page 618 etc.

SUBJECT FURTHER TO PERMANENT RIGHT OF WAY RESERVED by Allied Chemical Corporation to be used for constructing, operating, mainaining, repairing, altering, replacing and removing each of six waste line pipes, providing a service road along said waste lines and maintaining and operating a flume monitoring station (concrete block building, weir and cross walk) described as follows:

BEGINNING at a point in the southeasterly line of Farm Lot 40, said point being South  $58^{\circ} 32' 00''$  West, a distance of 486.22 feet from an original Solvay Process Company concrete and brass monument marking the point where Farm Lots 45 and 47 meet said southeasterly line of Farm Lot 40; running; thence

(a) South  $58^{\circ} 32' 00''$  West, along said southeasterly line of Farm Lot 40, a distance of 33.12 feet to a point; thence

(b) North  $36^{\circ} 22' 46''$  West, a distance of 46.18 feet to a point; thence

(c) North  $57^{\circ} 29' 07''$  West, a distance of 1912.40 feet to a point; thence

(d) North  $71^{\circ} 46' 50''$  West, a distance of 399.19 feet to a point; thence

(e) North  $71^{\circ} 25' 43''$  West, a distance of 705.82 feet to a point in the easterly boundary line of the Fairmount-State Fair State Highway No. 132; thence

(f) North  $36^{\circ} 50' 27''$  East, along said easterly highway boundary line, a distance of 34.75 feet to a point; thence

(g) South  $71^{\circ} 25' 43''$  East, a distance of 694.55 feet to a point; thence

(h) South  $71^{\circ} 46' 50''$  East, a distance of 403.49 feet to a point; thence

(i) South  $57^{\circ} 29' 07''$  East, a distance of 1831 feet to a point; thence

(j) North 27° 49' 45" East, a distance of 121.83 feet to a point; thence

(k) South 62° 10' 15" East, a distance of 121.04 feet to a point; thence

(l) South 27° 49' 45" West, a distance of 143.65 feet to a point; thence

(m) South 36° 22' 46" East, a distance of 22.23 feet to the southeasterly line of Farm Lot 40, and point of beginning.

Title to the waste pipe lines, the flume monitoring station, and the 30 inch pipeline, or any replacements thereof, lying within the right of way described above has been reserved by Allied Chemical Corporation.

SUBJECT FURTHER TO A PERMANENT RIGHT OF WAY RESERVED by Allied Chemical Corporation to be used for maintaining a 20 inch pipe line used for supplying water from Nine Mile Creek to the canal, being described as follows:

A strip of land 50 feet in width, being 25 feet each side of the center line of said 20 inch pipe line: BEGINNING in the southerly line of Belle Isle Road and extending northerly and northwesterly to Horan Road; thence continuing northwesterly and remaining easterly of Geddes Brook, continuing in a northerly direction to an approximate point just south of six waste line; thence westerly to and across the Fairmount-State Fair State Highway No. 132, as shown on a survey map dated September 4, 1979 prepared for Allied Chemical Corporation by William A. Nicolini, licensed as a land surveyor by the State of New York.

#### PARCEL III:

ALL THAT TRACT OR PARCEL OF LAND, situate in the Town of Geddes, County of Onondaga and State of New York, being part of Farm Lot 50 of the Onondaga Salt Springs Reservation in said Town of Geddes, being all of lands conveyed by Fred A. Ballard to Allied Chemical and Dye Corporation by Deed dated June 16, 1952 and recorded in the Onondaga County Clerk's Office June 17, 1952 in Book of Deeds 1568 at Page 437, the tie in bearings and distances to the original point of beginning being changed because of New York State Department of Transportation acquisition of additional lands along the westerly side of Bridge Street (Solvay State Fair Syracuse State Highway No. 1353) and being more particularly described as follows:

BEGINNING at a point in the easterly road boundary line of said Bridge Street, said point of beginning being located from a point in the westerly road boundary line of said Bridge Street where the division line between lands of Chemtech Industries, Inc. on the north and lands formerly owned by Allied Chemical Corporation on the south meet said westerly road boundary line of Bridge Street the following bearings and distances: South  $1^{\circ} 54' 42''$  West, as measured along said westerly road boundary line of Bridge Street, a distance of 18.32 feet; and North  $64^{\circ} 36' 18''$  East, a distance of 95.35 feet; running thence

1. From said point of beginning North  $64^{\circ} 36' 18''$  East, parallel to the northerly line of property of the Niagara Mohawk Power Corporation, a distance of 421.06 feet more or less to a point in the westerly line of the 75 foot strip of land conveyed to Fred D. Corey by William G. Cady, et al by Deed dated July 22, 1907 and recorded in the Onondaga County Clerk's Office in Book of Deeds 368 at Page 237; thence

2. South  $25^{\circ} 23' 42''$  East, along said 75 foot strip of land, a distance of 25 feet to a point marking the northeasterly corner of the 25 foot strip of land conveyed to Niagara, Lockport and Ontario Power Company by William M. Ballard, Inc. by Deed dated November 13, 1926 and recorded in said Onondaga County Clerk's Office in Book of Deeds 594 at Page 332; thence

3. South  $64^{\circ} 36' 18''$  West, along the northerly line of said 25 foot strip of land conveyed to said Power Company by said Deed dated November 13, 1926 a distance of 429.93 feet, more or less to the easterly line of Bridge Street; thence North  $5^{\circ} 50'$  West, along the easterly line of Bridge Street, a distance of 26.53 feet to the point of beginning, containing 0.244 acres of land, more or less.

TOGETHER WITH a Permanent Right or Easement to construct, maintain, operate, repair and remove a railroad spur or side track on, over and across the following described parcel of land, viz:

ALL THAT TRACT OR PARCEL OF LAND, situate in the Town of Geddes, County of Onondaga and State of New York, being part of Farm Lot 50 of the Onondaga Salt Springs Reservation in said Town of Geddes and being part of lands conveyed by Syracuse Transit Corporation to Niagara Mohawk Power Corporation by Deed dated July 30, 1951 and recorded in the

Onondaga County Clerk's Office September 5, 1951 in Book of Deeds 1524 at Page 323, and being more particularly described as follows:

BEGINNING at the northeast corner of a parcel of land conveyed to Allied Chemical and Dye Corporation by Deed recorded in the Onondaga County Clerk's Office in Book of Deeds 1568 at Page 437, and being Parcel III above described; running thence

(A) North  $64^{\circ} 36' 18''$  East, a distance of 75 feet more or less to the easterly boundary line of lands conveyed to Niagara Mohawk Power Corporation by Deed recorded in the Onondaga County Clerk's Office in Book of Deeds 1524 at Page 323; thence

(B) Southeasterly along said easterly boundary line, a distance of 25 feet more or less to a point; thence

(C) South  $64^{\circ} 36' 18''$  West, a distance of 75 feet more or less to the southeast corner of a parcel of land conveyed to said Allied Chemical and Dye Corporation; thence

(D) North  $25^{\circ} 23' 42''$  West along said easterly line of Allied Chemical and Dye Corporation, a distance of 25 feet to the point of beginning.

\* \* \*

**SCHEDULE E****North Carolina Land**

ALL that certain lot, tract or parcel of land situate, lying and being in the Township of Ransom, County of Columbus and State of North Carolina, described as follows:

**THE PLANT SITE (the "Plant"):**

All that 26.26 acre tract of land conveyed to LCP Chemicals—North Carolina, Inc. by Allied Chemical Corporation which was originally conveyed to Allied Chemical Corporation by Riegel Paper Corporation by deed dated August 15, 1963, recorded in Book 235 at page 555, in the Office of Register of Deeds of Columbus County but being particularly described by a new survey and map thereof entitled "Solvay Process Division—Allied Chemical Corporation" made and prepared by David B. Goldston, Jr., R.L.S., dated July 9, 1979, revised September 12, 1979, as same is recorded in Plat Book 27 at pages 36 and 37 in the Office of the Register of Deeds, which map is in all respects incorporated herein and made a part of this description.

TOGETHER WITH all right, title and interest of LCP Chemicals—North Carolina, Inc. in and to that certain right of way and easement granted pursuant to that Right of Way Grant and Agreement between Federal Paper Board Co., Inc. and Allied Chemical Corporation, dated December 1979, recorded in Deed Book        at Page        in the Office of said Register of Deeds.

The location of the presently used right of way is shown on the map above referred to (Plat Book 27 at pages 36 and 37) and extends twenty-five (25) feet on either side of the hereinafter described centerline which said right of way is hereby assigned and transferred not inconsistent with the rights and privileges granted in the agreement referred to. The centerline is described as follows:

Being known and designated as the existing Allied Chemical (Solvay Road); BEGINNING at a nail and cap located at the intersection of the centerline of the aforesaid existing Allied Chemical (Solvay Road) with the centerline of SR 1817, locally known as the Mill Access Road from Highway

No. 87, and proceed along the centerline of the existing Allied Chemical (Solvay Road) the following course and distances:

1. South  $68^{\circ}-14'-51''$  East, 320.88 feet; thence
2. South  $82^{\circ}-47'-40''$  East, 56.41 feet; thence
3. North  $68^{\circ}-14'-42''$  East, 55.08 feet; thence
4. North  $42^{\circ}-05'-48''$  East, 52.25 feet; thence
5. North  $28^{\circ}-38'-22''$  East, 500.93 feet; thence
6. North  $28^{\circ}-38'-29''$  East, 52.23 feet; thence
7. South  $62^{\circ}-32'-15''$  East, 12.12 feet; thence
8. South  $62^{\circ}-31'-16''$  East, 331.41 feet; thence
9. South  $85^{\circ}-08'$  East, 39.31 feet; thence
10. North  $76^{\circ}-27'-26''$  East, 100.29 feet; thence
11. North  $73^{\circ}-09'-30''$  East, 610.13 feet; thence
12. North  $67^{\circ}-22'-41''$  East, 140.71 feet; thence
13. North  $55^{\circ}-20'-22''$  East, 209.93 feet; thence
14. North  $50^{\circ}-42'-51''$  East, 615.52 feet; thence
15. North  $36^{\circ}-14'-15''$  East, 138.89 feet; thence
16. North  $12^{\circ}-55'-59''$  East, 102.33 feet; thence
17. North  $04^{\circ}-45'-56''$  West, 99.97 feet; thence
18. North  $10^{\circ}-21'-14''$  West, 99.50 feet; thence
19. North  $12^{\circ}-18'-29''$  West, 269.84 feet; thence
20. North  $19^{\circ}-18'-01''$  West, 102.63 feet; thence
21. North  $30^{\circ}-45'-28''$  West, 126.08 feet; thence
22. North  $03^{\circ}-18'-39''$  East, 55.51 feet; thence
23. North  $27^{\circ}-59'-13''$  East, 271.02 feet; thence
24. North  $11^{\circ}-02'-40''$  East, 74.60 feet; thence

25. North  $31^{\circ}-36'-02''$  East, 74.64 feet; thence

26. North  $23^{\circ}-34'-14''$  East, 19.41 feet; to a point in the Southern boundary line of the Plant site, said point being located South  $38^{\circ}-44'$  East, 386.06 feet from an iron pipe marking the Southwestern corner of the aforesaid Plant site.

All bearings being based on the Federal Paperboard North-South coordinate line as being North  $27^{\circ}-53'$  East.

TOGETHER WITH all right, title and interest of LCP Chemicals—North Carolina, Inc. to the existing railroad serving the Plant and an easement for the purpose of making use of said railroad pursuant to that Right of Way Grant and Agreement between Federal Paper Board Co., Inc. and Allied Chemical Corporation, dated December , 1979, recorded in Deed Book at Page in the Office of said register of Deeds, such railroad and easement being located on the lands lying not more than twenty-five (25) feet on either side of the centerline of said existing railroad; said centerline being described as follows:

BEGINNING at the point of switch of the existing railroad that serves the Plant from the main line of the existing railroad into the Federal Paperboard plant, said point of switch as per Federal Paperboard coordinate system, bearing coordinates of  $S = 1108.06$  and  $E = 2.53$ ; running thence

1. From said beginning point of switch and leaving the main line of the railroad serving Federal Paperboard North  $33^{\circ}-36'-55''$  East, 95.97 feet; thence
2. North  $46^{\circ}-04'-27''$  East, 76.38 feet; thence
3. North  $55^{\circ}-37'-55''$  East, 78.16 feet; thence
4. North  $64^{\circ}-58'-58''$  East, 79.38 feet; thence
5. North  $70^{\circ}-00'-49''$  East 82.20 feet; thence
6. North  $72^{\circ}-59'-37''$  East, 694.02 feet; thence
7. North  $69^{\circ}-54'-10''$  East, 92.34 feet; thence
8. North  $60^{\circ}-26'-58''$  East, 65.75 feet; thence
9. North  $52^{\circ}-36'-53''$  East, 72.40 feet; thence

10. North  $42^{\circ}-42'-02''$  East, 88.61 feet; thence

11. North  $32^{\circ}-17'-53''$  East, 88.21 feet; thence

12. North  $27^{\circ}-53'$  East, 1814.94 feet to a point in the Southern boundary line of the Plant, said point being located in curve no. 1, said point being located South  $47^{\circ}-48'$  East 24.93 feet from the P.C. of said curve no. 1; said P.C. of curve no. 1 being located South  $38^{\circ}-44'$  East 479.45 feet from an iron pipe marking the Southwestern corner of the Plant site.

Reference is made to a map entitled "Boundary Survey for Solvay Processing Division, Allied Chemical Corporation Caustic—Chlorine Plant, Acme, North Carolina", dated July 9, 1979, revised September 12, 1979, and prepared by David B. Goldston, Jr., R.L.S., as same is recorded in Plat Book 27 at pages 36 and 37, Office of the Register of Deeds of Columbus County.

All bearings being based on the Federal Paperboard North-South coordinate line as being North  $27^{\circ}-53'$  East.

Together with all rights that LCP Chemicals-North Carolina, Inc. has to make use of adjacent sidings to the main line herein described.

\* \* \*

**SCHEDULE F**

**OHIO LAND**

ALL those certain lots, tracts or parcels of land situate, lying and being in the Township of Center, County of Carroll and State of Ohio, bounded and described as follows:

**PARCEL I:**

Known as and being a part of the Southwest Quarter of Section 32, Township 14, Range 5 and further described as follows:

BEGINNING 324 feet west of the northeast corner of said quarter section; thence

1. South 9° East, 592.0 feet to an iron pin; thence
2. North 88° West, 190.0 feet to an iron pin; thence
3. North 9° West, 130.0 feet to an iron pin; thence
4. North 88° West, 343.94 feet to an iron pin; thence
5. North 5° West, 330.0 feet to an iron pin; thence
6. North 1° East, 137.28 feet to an iron pin; thence
7. South 88° East, 491.7 feet to the iron pin designating the point and place of Beginning.

The above Parcel contains an area of 6.02 acres more or less.

EXCEPTING FROM PARCEL I DESCRIBED ABOVE the following two described tracts:

**TRACT 1:**

Situated in the Township of Center, County of Carroll, State of Ohio and known as and being a part of the Southwest Quarter of Section 32, Center Township, Carroll County, Ohio and being further bounded and described as follows:

BEGINNING at the Northeast corner of the Southwest Quarter of Section 32; thence

(A) North 88°-00' West and along the north line of said quarter section a distance of 324.00 feet to a point; thence

(B) South 9°-00' East, 299.56 feet to the true place of Beginning for the tract of land herein being described; thence

(C) Continuing South 9°-00' East, 162.44 feet to an iron pin; thence

(D) North 88°-00' West, 190.00 feet to an iron pin; thence

(E) North 0°-06' East, 134.12 feet to an iron pin; thence

(F) North 83°-10' East, 165.42 feet to the true place of Beginning.

The tract described above contains 0.601 acres of land as surveyed by Buckeye Surveying, Nick Guerriere, Registered Surveyor #5844.

TRACT 2:

Situated in the Township of Center, County of Carroll and State of Ohio and known as and being a part of the Southwest Quarter of Section 32, Center Township, Carroll County, Ohio and being further bounded and described as follows:

BEGINNING at the northeast corner of the Southwest Quarter of Section 32; thence

(A) North 88° West and along the north line of said Quarter Section, 324 feet to a point; thence

(B) South 9° East, 592 feet to the true place of Beginning for the tract of land herein described; thence

(C) North 88° West, 190 feet to an iron pin; thence

(D) North 9° West 130 feet to an iron pin; thence

(E) South 88° East, 190 feet to an iron pin; thence

(F) South 9° East, 130 feet to the iron pin marking the place of Beginning.

The tract described above contains 24,700 square feet of land more or less.

The two excepted tracts of land described above were conveyed to Bradley J. Lewis and Glenn R. Lewis by an instrument recorded May 21,

1979 in volume 198, page 264 in the Office of the Recorder of Carroll County, Ohio.

**PARCEL II (*Leasehold Estate Only*):**

Known as and being a part of the Southwest Quarter of Section 32, Township 14, Range 5 and further described as follows:

BEGINNING for the same at a point 4.34 chains west from the southeast corner of said Quarter Section; thence

1. With the quarter line North  $85^{\circ}-04'-00''$  West, 7.91 chains to the east right of way line of the Wheeling & Lake Erie Railroad; thence

2. Along the said east right-of-way line North  $8^{\circ}-50'-00''$  East, 3.33 chains; to a point; thence

3. North  $23^{\circ}-20'-00''$  East, 2.0 chains to a point; thence

4. North  $25^{\circ}-50'-00''$  East, 2.0 chains to a point; thence

5. North  $38^{\circ}-20'-00''$  East 2.88 chains to the south boundary line of the C. T. Shreve property; thence

6. South  $73^{\circ}-55'-00''$  East along the said south boundary line a distance of 6.5 chains to the center of State Route #35 at a point 10 feet south of the culvert; thence

7. South  $16^{\circ}-05'-00''$  West along the center of State Route #35 a distance of 8.4 chains to the place of Beginning.

The parcel described above contains 7.051 acres more or less, but is subject to all legal highways. State Route #35 is now known as State Route #9.

\* \* \*

**SCHEDULE G****Location of Inventory**

<u>Mortgagor</u>	<u>Location</u>
LCP Chemicals-New Jersey, Inc. ....	Foot of South Wood Avenue Linden, New Jersey
LCP Chemicals-North Carolina, Inc. .	Industrial Drive Riegelwood, North Carolina
LCP Chemicals-Georgia, Inc. ....	Ross Road Brunswick, Georgia
LCP Chemicals-New York, Inc. ....	Bridge Street Village of Solway, New York
LCP Chemicals-North Carolina, Inc. .	Almont Shipping Company (salt) Wilmington, North Carolina
LCP Chemicals-New Jersey, Inc. ....	Marzahl Chemical Company (Dis- tribution Station) Hackensack Ave. & 3rd Street Kearny, New Jersey
Plastic Industries, Inc. ....	2615 N.E. Fifth Avenue Pompano Beach, Florida
LCP Plastics, Inc. ....	861 North Lisbon Street Carrollton, Ohio
LCP Plastics, Inc. ....	Electrical Sales Associates (On con- signment) 300 Hospital Drive, Suite 223 Glen Burnie, Maryland 21061
LCP Plastics, Inc. ....	LBO Associates (On consignment) 1300 East 45th Street Cleveland, Ohio
LCP Plastics, Inc. ....	LBO Associates (On consignment) 5520 Bridgewood Sterling Heights, Michigan
LCP Plastics, Inc. ....	Cardel Sales Supply (On con- signment) 307 Stanhope Street Pittsburgh, Pa.
LCP Plastics, Inc. ....	Low Associates, Inc. (On con- signment) 545 Hudson Street Trenton, New Jersey

**SCHEDULE H**  
**Locations of Records and**  
**Books of Account with respect to Receivables**

<u>Mortgagor</u>	<u>City, County and State where Records and Books of Account are Maintained or Proposed to be Maintained</u>
Linden Chemicals & Plastics, Inc. ....	Cranford, Union County, New Jersey*
LCP Chemicals-Georgia, Inc. ....	Cranford, Union County, New Jersey* Brunswick, Glynn County, Georgia
LCP Chemicals-New Jersey, Inc. ....	Cranford, Union County, New Jersey*
LCP Chemicals-New York, Inc. ....	Cranford, Union County, New Jersey* Geddes, Onondago County, New York
LCP Chemicals-North Carolina, Inc. ..	Cranford, Union County, New Jersey* Acme, Columbus County, North Carolina
LCP Plastics, Inc. ....	Carrollton, Carroll County, Ohio
LCP Transportation, Inc. ....	Cranford, Union County, New Jersey*
Plastic Industries, Inc. ....	Pompano Beach, Broward County, Florida

\* Will change to Edison, Middlesex County, New Jersey in late 1979 or early 1980.

## SCHEDULE I

## List of Railroad Tank Cars

Number of Units Per Group	Identifying Marks	
	From	To
1	ACDX067006	
1	ACDX068085	
1	ACDX068089	
1	ACDX068250	
1	ACDX068260	
2	ACDX068264	068265
1	ACDX068270	
1	ACDX068275	
1	ACDX068292	
4	ACDX068295	068298
5	ACDX068302	068306
1	ACDX068308	
2	ACDX068313	068314
1	ACDX068316	
1	ACDX068320	
2	ACDX068322	068323
1	ACDX068326	
<u>27</u>		

11199

**LINDEN CHEMICALS & PLASTICS, INC.**  
**11.50% Secured Notes due December 31, 1994**  
**Warrants for Purchase of Class B Common Stock**

**NOTE AND WARRANT AGREEMENT**  
**With**  
**THE PRUDENTIAL INSURANCE COMPANY OF AMERICA**

**Dated as of December 11, 1979**

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**(Not Part of Agreement)**

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Schedule 1—Schedule of Debt as of December 13, 1979

Schedule 2—Form of Subordination Provisions

**LINDEN CHEMICALS & PLASTICS, INC.**

**14 Commerce Drive  
Cranford, New Jersey 07016**

December 11, 1979

The Prudential Insurance Company  
Prudential Plaza  
Newark, New Jersey 07101

*Attention: Vice President in Charge  
of the Corporate Finance Department*

Dear Sirs:

LINDEN CHEMICALS & PLASTICS, INC. (the "Company"), a Delaware corporation, agrees with you as follows:

*1. Acquisition of Plants and Authorization of Issue of Securities.*

*1A. Acquisition of Plants.* The Company desires to acquire from Allied Chemical Corporation (herein called "Allied Chemical"), a New York corporation, three chlorine caustic plants at Geddes, New York, Brunswick, Georgia and Acme, North Carolina and certain other properties and assets located thereat, relating thereto or used in connection therewith (herein called the "Allied Chemical Assets"), pursuant to and as described in the Acquisition Agreement (herein called the "Acquisition Agreement"), dated as of December 11, 1979, between Allied Chemical and the Company. The Company proposes to finance a portion of the purchase price of the Allied Chemical Assets by the issue and sale of its securities to you as described in paragraph 1B.

*1B. Authorization of Issue of Securities.* The Company will authorize the issue of its promissory notes (herein, together with any such notes which may be issued in exchange or substitution therefor, called the "Notes") in the principal amount of \$27,000,000, to be dated the date of issue thereof, to mature December 31, 1994, to bear interest on the unpaid principal balance thereof payable monthly at the rate of 11.50% per annum from the date thereof until the principal thereof shall become due and payable, to be substantially in the form of Exhibit A hereto and to be secured by a First Mortgage, Deed of Trust and Security Agreement (herein called the

"Mortgage"\*) from the Company and its Subsidiaries to Irving Trust Company, as trustee and D. W. May, as trustee (the "Trustees"), to be substantially in the form of Exhibit B hereto. The Company will also authorize the issue of its stock subscription warrants (herein called the "Warrants") to purchase 275,000 shares of Class B Common Stock, \$.10 par value, of the Company (herein called the "Class B Common Stock"). The Warrants are to be dated the date of their issue and to be substantially in the form of Exhibit C hereto. Certain other capitalized terms used herein are defined in paragraph 10.

*2. Purchase and Sale of Notes and Warrants; Closing.*

*2A. Purchase and Sale.* The Company hereby agrees to sell to you and, subject to the terms and conditions herein set forth, you agree to purchase from the Company (a) Notes in the aggregate principal amount of \$27,000,000 and (b) Warrants to purchase 275,000 shares of Class B Common Stock, at an aggregate purchase price equal to the principal amount of the Notes. The Company and you agree that the value of the Warrants is \$1.80 for each share of Class B Common Stock covered thereby. The Company recognizes that this Agreement limits the original issue discount that the Company will be entitled to deduct for Federal income tax purposes over the life of the Notes to an amount determined by reference hereto and the Company will adhere to this Agreement for Federal income tax purposes.

*2B. Closing.* The Notes and Warrants will be sold and purchased at a closing (the "Closing") which shall take place on December 13, 1979, at the offices of Debevoise, Plimpton, Lyons & Gates, 299 Park Avenue, New York, New York, at 10:00 a.m., New York City time or at such other time as shall be satisfactory to the Company and you. At the Closing the Company will deliver to you (a) a Note registered in your name in the principal amount of \$27,000,000, (b) a Warrant registered in your name, and (c) the Mortgage in recordable form, against payment of the purchase price thereof by credit advice on funds deposited by you at Manufacturers Hanover, 350 Park Avenue, New York, New York in the amount of the purchase price of

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\* All references to the Mortgage shall be deemed references to the Deed to Secure Debt (as defined in the Mortgage) with respect to property situated in the State of Georgia.

the Notes and Warrants. If at the Closing the Company shall fail to tender such Notes and Warrants to you as provided herein, or if at the Closing any of the conditions specified in paragraph 3 shall not have been fulfilled to your satisfaction, you shall, at your election, be relieved of all further obligations under this Agreement, without thereby waiving any other rights you may have by reason of such failure or nonfulfillment.

3. *Conditions.* Your obligation to purchase and pay for the Notes and Warrants is subject to the satisfaction, on or before the date of the Closing, of the following conditions:

3A. *Opinion of Purchaser's Special Counsel.* You shall have received from Debevoise, Plimpton, Lyons & Gates, who are acting as special counsel for you in connection with these transactions, a favorable opinion, dated the date of the Closing and satisfactory to you, as to (i) the due incorporation, existence and good standing of the Company; (ii) the due authorization (including any consent of stockholders required by law or by the charter or by-laws or otherwise), execution and delivery by the Company of this Agreement, the Notes, the Mortgage and the Warrants, and by the other Mortgagors of the Mortgage, and the validity and binding effect of each such instrument; (iii) the due authorization of the Class B Common Stock initially issuable upon exercise of the Warrants and of the Common Stock initially issuable upon conversion of the Class B Common Stock, the reservation for issuance of such Class B Common Stock and such Common Stock, the validity, full payment and nonassessability of such Class B Common Stock when issued pursuant to the terms of the Warrants and of such Common Stock when issued upon such conversion, and the absence of preemptive rights of stockholders with respect to the issuance or sale of the Warrants, such Class B Common Stock and such Common Stock; (iv) the exemption of the sale and delivery of the Notes and the Warrants (as well as the shares of Class B Common Stock issuable upon exercise of the Warrants and the shares of Common Stock issuable upon conversion of the Class B Common Stock) from the registration requirements of the Federal Securities Act of 1933, as amended, and of the Mortgage under the Federal Trust Indenture Act of 1939, as amended; and (v) such other matters incident to the matters herein contemplated as you may reasonably request. As to matters involving the due authorization, execution and delivery of the Mortgage by Plastic Industries, such counsel may rely on the opinion of

Florida counsel referred to in paragraph 3C, and as to matters involving the validity and binding effect of the Mortgage under the laws of any state other than the State of New York, such counsel may rely on the opinion of Shanley & Fisher referred to in paragraph 3B with respect to the laws of the State of New Jersey and on the opinions of local counsel referred to in paragraph 3C.

3B. *Opinion of Company's Counsel.* You shall have received from Shanley & Fisher, counsel for the Company, a favorable opinion, dated the date of the Closing and satisfactory to you and your special counsel, as to the matters referred to in paragraph 3A and as to: (i) the due incorporation, existence and good standing of each Subsidiary; (ii) the due qualification of the Company and each Subsidiary as a foreign corporation in each jurisdiction in which the character of the properties (including the Allied Chemical Assets) owned (or to be owned after the closing under the Acquisition Agreement or the transfer of the New Jersey Assets), or the nature of the activities conducted (or to be conducted after such closing or transfer) by the Company and its Subsidiaries makes or will make such qualification necessary; (iii) the ownership by the Company of all of the stock of every class of each Subsidiary free and clear of any Lien; (iv) the corporate power of the Company, LCP Plastics and Plastic Industries to own and operate their respective properties and to carry on their respective businesses as now conducted and of LCP-Georgia, LCP-New Jersey, LCP-New York, LCP-North Carolina and LCP-Transportation to own and operate the properties and to carry on the businesses to be transferred to them pursuant to the Acquisition Agreement or on the transfer of the New Jersey Assets; (v) the title of each Mortgagor (after giving effect to the closing under the Acquisition Agreement) to the real property (including the leasehold estates), fixtures and personal property described in the Mortgage as subject thereto, subject only to the Mortgage, the Second Mortgage and Permitted Exceptions; (vi) the due recording of the Mortgage and filing of financing statements with respect thereto in all offices in which the same are necessary or advisable, and the payment of all taxes, fees and charges in connection with the execution, delivery, recording and filing of such instruments; (vii) the status of the Mortgage as a valid, direct first mortgage lien on or first perfected security interest in the properties described therein as subject thereto, subject only to Permitted Exceptions; (viii) the authorized, issued and outstanding capital stock of the Company, including the due and valid issuance, full payment and nonassessability of all issued shares of

capital stock and the existence of warrants, options or other rights with respect to the issuance of capital stock; (ix) the absence of any requirement of authorization or other action by any governmental authority in connection with the issuance and sale of the Notes and the Warrants by the Company and the execution, delivery and performance by the Company of this Agreement and by the Mortgagors of the Mortgage and (x) the validity and effectiveness of the subordination to the Notes, the Bank Term Note and the Interim IDA Note of the Allied Chemical Note and the Interim Salt Note and the subordination to the Mortgage of the Second Mortgage. As to matters involving (i) the laws of the State of New York, such counsel may recite in its opinion that they are not members of the bar of the State of New York and do not hold themselves out as experts in the laws of such State, (ii) title to properties subject to the Mortgage, the validity and binding effect of the Mortgage, the due recording of the Mortgage and filing of financing statements with respect thereto, the payment of all taxes, fees and other charges payable on such recording and filing, the status of the Mortgage with respect to such properties and the subordination to the Mortgage of the Second Mortgage under the laws of any state other than the State of New Jersey or the State of New York, such counsel may rely on the opinions of local counsel referred to in paragraph 3C, and (iii) title to (a) real property, such counsel may also rely on title company reports and (b) personal property, such counsel may rely as to factual matters upon certificates of officers or employees of the Company or any Subsidiary.

3C. *Opinions of Local Counsel.* You shall have received from local counsel satisfactory to you in each jurisdiction (including, without limitation, Florida, Georgia, North Carolina and Ohio) in which any of the real property (including any leasehold estate), fixtures or personal property described in the Mortgage as subject thereto is located a favorable opinion, dated the date of the Closing and satisfactory to you and your special counsel, as to (i) the title of each Mortgagor (after giving effect to the closing under the Acquisition Agreement) to such properties, subject only to the Mortgage, the Second Mortgage and Permitted Exceptions; (ii) the validity and binding effect of the Mortgage, assuming the due authorization, execution and delivery thereof; (iii) the due recording of the Mortgage and filing of financing statements with respect thereto in all offices in which the same are necessary or advisable, and the payment of all taxes, fees and charges in connection with the execution, delivery, recording and filing of

such instruments; (iv) the status of the Mortgage as a valid, direct first mortgage lien or first perfected security interest in such properties, subject only to Permitted Exceptions; (v) the absence of any requirement of authorization or other action under the laws of such respective states by any governmental authority in connection with the issuance and sale of the Notes and the execution, delivery and performance by the Company of this Agreement and by the Mortgagors of the Mortgage; and (vi) the subordination to the Mortgage of the Second Mortgage. As to matters involving title to real property subject to the Mortgage, such local counsel may rely on title company reports.

3D. *Representations and Warranties; No Default.* The representations and warranties contained in paragraph 8 shall be true on and as of the date of the Closing, except to the extent of changes caused by the transactions herein contemplated; there shall exist on the date of the Closing no Event of Default or Default; and the Company shall have delivered to you an Officer's Certificate, dated the date of the Closing, to both such effects.

3E. *Acquisition of Allied Chemical Assets.* The Company and Allied Chemical shall have entered into the Acquisition Agreement providing for the purchase by the Company (and delivery to the Company or such Subsidiaries of the Company as the Company shall have designated) of the Allied Chemical Assets for an aggregate consideration consisting of (a) \$23,500,000 in cash, (b) the Allied Chemical Note and (c) the assumption of certain liabilities of Allied Chemical specified in sections 5.02(b), 6.04, 8.06 and 9.01 of the Acquisition Agreement. The Acquisition Agreement, complete and correct copies of which have been furnished to you and your special counsel, shall constitute the legal, valid and binding obligation of the Company and Allied Chemical enforceable in accordance with its terms. The closing under the Acquisition Agreement shall be held simultaneously with the Closing.

3F. *Issue of Bank Term Note and Interim IDA Note.* The Company shall have issued and sold the Bank Term Note in the principal amount of \$4,500,000 and the Interim IDA Note in the principal amount of \$7,500,000 pursuant to the Bank Loan Agreement. Complete and correct copies of the Bank Loan Agreement, the Bank Term Note and the Interim IDA Note have been furnished to you and your special counsel. The closing under the Bank Loan Agreement shall be held simultaneously with the Closing.

3G. *Issue of Subordinated Notes.* The Company shall have issued and sold (i) to Allied Chemical the Allied Chemical Note in the principal amount of \$5,000,000 and (ii) to Manufacturers Hanover the Interim Salt Note in the principal amount of \$2,500,000. Complete and correct copies of such Notes have been delivered to you and your special counsel and such Notes shall be in form and substance satisfactory to you. The Debt evidenced thereby shall be effectively subordinated to the Notes, the Bank Term Note and the Interim IDA Note to the extent set forth in Schedule 2 hereto. The mortgage securing the Allied Chemical Note and the Interim Salt Note (herein called the "Second Mortgage") shall be in form and substance satisfactory to you, and the lien of the Second Mortgage on all property subject thereto shall be subordinate and subject to the lien of the Mortgage. The closing with respect to the Allied Chemical Note and the Interim Salt Note shall be held simultaneously with the Closing.

3H. *Retirement of Outstanding Notes.* The Company shall have paid in full all Debt referred to in items A1, A2, B1 and C1 to C7, inclusive, of Schedule 1 hereto, the Liens securing the Debt referred to in items A1, A2 and C1 to C7, inclusive, shall have been discharged of record, and you shall have received evidence satisfactory to you of such payment and discharge.

3I. *Mortgage; Recordation, etc.* Mortgagors and the Trustees shall have duly executed and delivered the Mortgage and the Mortgage shall be in full force and effect. The Mortgage shall constitute a valid, direct first mortgage lien of record on all real property described therein as subject to the lien thereof and create a first perfected security interest in the personal property and fixtures described therein as subject to the lien thereof, as security for the Notes, the Bank Term Note and the Interim IDA Note, subject only to Permitted Exceptions. All notices, statements, instruments and financing statements as you and your special counsel shall deem necessary or appropriate to record, publish or file shall have been duly recorded, published or filed in such manner and in such places as shall be required in order to establish, perfect, preserve and protect the lien of the Mortgage as a valid, direct first mortgage lien of record and a first perfected security interest in the property described therein as subject thereto, subject only to Permitted Exceptions. All taxes, fees and other charges in connection with the execution, delivery, recording, publication and filing of the Mortgage and such other notices, statements, instruments and financing

statements and the issue, sale, delivery and acquisition of the Notes and Warrants shall have been duly paid in full.

3J. *Title Insurance, etc.* The Trustees shall have received (i) policies, or marked commitments to issue policies, of mortgagee title insurance issued by title insurance companies acceptable to you and your special counsel, in the aggregate face amount of not less than \$27,894,000 on an American Land Title Association standard form of loan policy (revised coverage), or New York Board of Title Underwriters standard form of loan policy, satisfactory in form and substance to you and your special counsel, insuring the Trustees' interest under the Mortgage as the holders of a valid, direct first mortgage lien of record on the real property described in the Mortgage as being subject thereto, subject only to such Permitted Exceptions and (ii) a report of a Uniform Commercial Code search and tax and judgment lien search issued by Infosearch, Inc., satisfactory in form and substance to you and your special counsel. Correct and complete copies of each such insurance policy and report shall have been delivered to you and your special counsel.

3K. *Surveys.* The Trustees shall have received copies of surveys of the real property described in Exhibits B, D and E to the Mortgage satisfactory to you and your special counsel.

3L. *Property Insurance.* You and the Trustees shall have received an Officer's Certificate satisfactory to you and your special counsel, setting forth the particulars as to the insurance required by section 3.02 of the Mortgage and certifying that such insurance is in full force and effect and complies with the requirements of such section 3.02 and that all premiums due thereon have been paid, and the Trustees shall have received the originals of all insurance policies or, in the case of blanket policies, certificates thereof by the insurers, (with provision for deductible amounts acceptable to you) relating to such insurance as provided in section 3.02 of the Mortgage.

3M. *Income Tax Letter.* The Company shall have delivered to you a letter from Touche Ross & Co., independent accountants, addressed to you, stating that such firm has reviewed the Federal and state income tax returns of the Company and its Subsidiaries for all fiscal years subsequent to the fiscal year ended September 30, 1974, and that, in the opinion of such firm, the Company and its Subsidiaries have paid or caused to be paid, or have established adequate reserves for the payment of, all Federal and state income tax liabilities of the Company and its Subsidiaries for such subsequent fiscal years.

3N. *Authorization of Class B Common Stock.* The Certificate of Incorporation of the Company shall have been amended to authorize 275,000 shares of Class B Common Stock in the form set forth in Exhibit D hereto, and 275,000 shares of Class B Common Stock shall have been reserved for issuance upon exercise of the Warrants; except as so amended, the Certificate of Incorporation shall not have been amended or modified since December 7, 1979.

3O. *Purchase Permitted by Applicable Laws.* The purchase of and payment for the Notes and the Warrants shall not be prohibited by any applicable law or governmental regulation (including, without limitation, Regulations G, T and X of the Board of Governors of the Federal Reserve System) and shall not subject you to any penalty or other onerous condition under or pursuant to any applicable law or governmental regulation; and you shall have received such certificates or other evidence as you may reasonably request to establish compliance with this condition.

3P. *Proceedings.* All corporate and other proceedings to be taken by the Company and its Subsidiaries in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

3Q. *Inter-Lender Agreement.* Manufacturers Hanover shall have entered into an agreement with you, satisfactory in scope and substance to you, providing for sharing of payments made by the Company with respect to the IDA Note if an Event of Default has occurred and is continuing.

4. *Prepayments.* The Notes shall be subject to prepayment with respect to the required prepayments specified in paragraph 4A and also under any one or more of the circumstances set forth in paragraphs 4B to 4E, inclusive.

4A. *Required Prepayments.* On December 31, 1986 and on each December 31 thereafter so long as any Notes shall be outstanding, the Company will prepay \$3,000,000 aggregate principal amount of the Notes (or will prepay such lesser principal amount of the Notes as shall then be outstanding), at the principal amount of the Notes so prepaid, without premium. No partial prepayments of the Notes pursuant to paragraph 4B, 4C, 4D or 4E, and no crediting of any principal amount of the Notes against the purchase price of Common Stock pursuant to paragraph 1 of the

Warrant, shall relieve the Company of its obligation to make the required prepayments pursuant to this paragraph 4A.

**4B. *Optional Prepayments on Total Destruction or Total Taking.*** In the event of the Total Destruction or Total Taking of any plant owned or leased by the Company or any Subsidiary as provided in section 3.03 or 3.04, as the case may be, of the Mortgage, promptly on receipt by the Trustees of any Net Insurance Proceeds or Net Awards payable with respect to such Total Destruction or Total Taking, as the case may be, the Trustees shall give you notice thereof (with a copy to the Company) and, if you notify the Trustees and the Company within 30 days after the giving of such notice by the Trustees of your election to require an additional prepayment of the Notes, then a principal amount of the Notes will be paid by the Trustees in accordance with section 3.05 of the Mortgage at the principal amount so prepaid, without premium, together with interest thereon to the date of prepayment.

**4C. *Contingent Prepayment without Premium at your Option.*** If on any date on which the payment of an installment of principal of the Bank Term Note is required (a "Payment Date"), the Company will be, because of any prior optional prepayment or any other event, obligated to pay less than the applicable installment that would otherwise be payable on such Payment Date in accordance with the Bank Term Note in the absence of the prior optional prepayment or other event (the "Original Bank Payment"), then

(i) not earlier than 45 nor later than 30 days prior to such Payment Date, the Company shall give you written notice of the amount of the Original Bank Prepayment for such Payment Date and the excess thereof over the amount, if any, which it will actually be required to pay on such Payment Date; and

(ii) if you notify the Company not later than five days prior to such Payment Date of your election to require an additional prepayment of the Notes equal to such excess, then the Company shall prepay a principal amount of Notes equal to such excess, at the principal amount so prepaid, without premium, and together with interest thereon to the date of prepayment, not later than such Payment Date.

**4D. *Optional Prepayment Without Premium.*** The Notes shall also be subject to prepayment, at the option of the Company, at the principal amount of the Notes so prepaid, without premium, on any date on which a

prepayment is required by paragraph 4A, in an amount (a multiple of \$10,000) not exceeding the amount required to be prepaid on such date pursuant to paragraph 4A, such option to be noncumulative, *provided, however*, that (i) no such prepayment pursuant to this paragraph may be made unless, after giving effect thereto, the Company and its Subsidiaries would have no Current Debt or Funded Debt outstanding or contemplated except the Notes, (ii) no such prepayment under this paragraph may be made unless the Board of Directors of the Company shall have determined that, after giving effect to such prepayment the Company and its Subsidiaries would have adequate Consolidated Working Capital to conduct their businesses as then conducted or contemplated without the necessity of incurring any Debt for working capital purposes, (iii) no such prepayment under this paragraph may be made, directly or indirectly, in whole or in part, from or in anticipation of the proceeds (or any part of the proceeds) of any Debt directly or indirectly incurred or to be incurred by the Company or any of its Subsidiaries, or of any capital stock issued by the Company or any of its Subsidiaries, and (iv) the aggregate principal amount of all prepayments made pursuant to this paragraph shall not exceed \$5,000,000.

4E. *Optional Prepayment in Whole or in Part With Premium.* The Notes shall also be subject to prepayment in whole or from time to time in part (in multiples of \$10,000) at the option of the Company, on any interest payment date occurring on or after December 31, 1986, at the following applicable percentage of the principal amount prepaid:

If prepaid during the 12 months' period ending on December 31,			
<u>Year</u>	<u>Percentage</u>	<u>Year</u>	<u>Percentage</u>
1987 .....	111.50%	1991 .....	104.93%
1988 .....	109.86	1992 .....	103.29
1989 .....	108.21	1993 .....	101.64
1990 .....	106.57	1994 .....	100.00

; *provided, however*, that (i) no such prepayment under this paragraph of less than the entire unpaid principal amount of the Notes may be made unless, after giving effect thereto, the Company and its Subsidiaries would have no Current Debt or Funded Debt outstanding or contemplated except the Notes, (ii) no such prepayment under this paragraph of less than the entire unpaid principal amount of the Notes may be made unless the Board

of Directors of the Company shall have determined that, after giving effect to such prepayment, the Company and its Subsidiaries would have adequate Consolidated Working Capital to conduct their businesses as then conducted or contemplated without the necessity of incurring any Debt for working capital purposes, and (iii) prior to December 31, 1989, no such prepayment under this paragraph may be made, directly or indirectly, in whole or in part, from or in anticipation of the proceeds (or any part of the proceeds) of any capital stock issued by the Company or any of its Subsidiaries, or of any Debt directly or indirectly incurred or to be incurred by the Company or any of its Subsidiaries, if such Debt has (a) an interest rate or an effective interest cost (calculated in accordance with accepted financial practice) of less than 11.50% per annum, (b) a final maturity date prior to December 31, 1994, (c) a Weighted Average Life to Maturity at the time of such prepayment which is less than the remaining Weighted Average Life to Maturity of the Notes at such time, or (d) prepayment provisions more favorable to the Company than the provisions of the Notes.

4F. *Notice of Prepayment.* The Company shall give you written notice of each prepayment (other than prepayments pursuant to paragraph 4A, 4B or 4C) not less than 30 days prior to the prepayment date, specifying such prepayment date, the principal amount of the Notes to be prepaid on such date and the paragraph pursuant to which such prepayment is to be made, whereupon the principal amount of the Notes specified in such notice, together with interest thereon to the date of prepayment and together with the premium, if any, herein provided, shall become due and payable on such date. With each notice of prepayment under either paragraph 4D or 4E the Company shall deliver an Officer's Certificate certifying that the conditions to prepayment set forth in such paragraph have been fulfilled and specifying the particulars of such fulfillment.

#### 5. *Affirmative Covenants.*

5A. *Financial Statements.* The Company covenants that, so long as you shall hold any of the Notes or Warrants it will deliver to you in duplicate:

- (i) as soon as practicable and in any event within 45 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, consolidating and consolidated statements of earnings, retained earnings and changes in financial position of the Company and

its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and, a consolidating and consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly period, setting forth in each case in comparative form corresponding figures for the corresponding period in the preceding fiscal year, all in reasonable detail and certified by an authorized financial officer of the Company, subject to changes resulting from year-end adjustments;

(ii) as soon as practicable and in any event within 90 days after the end of each fiscal year, consolidating and consolidated statements of earnings, retained earnings and changes in financial position of the Company and its Subsidiaries for such year, and a consolidating and consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, setting forth in each case in comparative form the corresponding figures from the preceding annual audit, all in reasonable detail and satisfactory in scope to you and reported upon by independent public accountants of recognized standing selected by the Company whose report shall be in scope and substance satisfactory to you;

(iii) as soon as practicable, copies of all such financial statements and reports as the Company shall send to its shareholders and of all registration statements and all regular or periodic reports which it files with the Securities and Exchange Commission or any governmental body or agency succeeding to the functions of the Securities and Exchange Commission; and

(iv) with reasonable promptness, such other financial data as you or such other holder may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to you an Officer's Certificate setting forth (except to the extent specifically set forth in such financial statements) the aggregate amount of interest expense on Current Debt and the aggregate amount of interest expense on Funded Debt of the Company and its Subsidiaries during the fiscal period covered by such financial statements, the respective amounts of Consolidated Net Tangible Assets, Consolidated Funded Debt and Consolidated Net Earnings Available for Restricted Payments at the end of such fiscal period, the dates of the beginning and end of the most recent period of at least 60 consecutive days

during which the Company shall have been free from all Current Debt permitted by clause (viii) of paragraph 6C(2), the aggregate amount of rental expenses incurred during such fiscal period by the Company and its Subsidiaries which were of the kinds subject to the restrictions of paragraph 6C(6) and the aggregate amount of all rental expenses incurred during such period by the Company and its Subsidiaries, and the amount of depreciation on physical property charged on the books of the Company and its Subsidiaries during such fiscal period, and stating that there exists no Event of Default or Default, or, if any such Event of Default or Default exists, specifying the nature thereof, the period of existence thereof and what action the Company proposes to take with respect thereto. Together with each delivery of financial statements required by clause (ii) above, the Company will deliver to you a certificate of the independent public accountants referred to in clause (ii) above stating that, in making the audit necessary to the certification of such financial statements, they have obtained no knowledge of any Event of Default or Default as of the end of the Company's last fiscal year, or, if any such Event of Default or Default exists, specifying the nature and period of existence thereof. The Company also covenants that forthwith upon the President or chief financial officer of the Company obtaining knowledge of an Event of Default or Default under this Agreement, it will deliver to you an Officer's Certificate specifying the nature thereof, the period of existence thereof, and what action the Company proposes to take with respect thereto. You are hereby authorized to deliver a copy of any financial statement delivered to you pursuant to this paragraph 5A to any regulatory body having jurisdiction over you or such other holder.

5B. *Inspection of Property.* The Company covenants that, so long as you shall hold any of the Notes or Warrants, it will permit any Person designated in writing by you, at your expense, to visit and inspect any of the properties, corporate books and financial records of the Company and its Subsidiaries, and to discuss the affairs, finances and accounts of such corporations with any of their officers, employees and independent public accountants, all at such reasonable times and as often as may be reasonably requested.

5C. *Covenant to Secure Notes Equally.* The Company covenants that, if it or any Subsidiary shall create, incur, assume or suffer to exist any Lien

upon any of its properties or assets, whether now owned or hereafter acquired, other than Liens excepted by the provisions of paragraph 6C(1) (unless prior written consent to the creation or assumption thereof containing a waiver of the requirements of this paragraph 5C shall have been obtained pursuant to paragraph 11C), it will make or cause to be made effective provision whereby the Lien of the Mortgage will extend to such property or assets and constitute a valid, direct first mortgage lien or first perfected security interest thereon or therein to which such other Lien shall be subordinate.

5D. *Payment of Liabilities.* The Company covenants that it will, and will cause each Subsidiary to, pay and discharge, when due, all of its obligations and liabilities (including, without limitation, liabilities for taxes) except where the same may be contested in good faith, and that it will maintain, in accordance with generally accepted accounting principles, appropriate reserves for the accrual of the same.

5E. *Notice of Certain Events.* The Company covenants that it will promptly give you written notice of (i) any event of default (other than a Default or an Event of Default under this Agreement) known to the Company with respect to any obligations of the Company or any of its Subsidiaries for borrowed money or for the deferred purchase price of property, (ii) any legal, judicial or regulatory proceedings affecting the Company or any of its Subsidiaries or any of their respective properties or assets in which the amount involved is \$100,000 or more and is not covered by insurance, and (iii) any dispute between the Company or any of its Subsidiaries and any governmental regulatory body or any other party which, if adversely determined, might in the opinion of the Company materially interfere with the normal business operations of the Company or such Subsidiary, as the case may be.

5F. *Amendment of Certificate of Incorporation, etc.* The Company covenants that within 45 days after the Closing, the Certificate of Incorporation of the Company will be amended to authorize an additional 75,000 shares of Class B Common Stock and 275,000 shares of Common Stock shall be reserved for issuance upon the conversion of Class B Common Stock into Common Stock.

## 6. *Negative Covenants.*

6A. *Working Capital Requirement.* The Company covenants that it will not permit Consolidated Working Capital to be less than \$10,000,000 at any time.

6B. *Dividend Limitation.* The Company covenants that it will not pay or declare any dividend on any class of its stock or make any other distribution on account of any class of its stock, or redeem, purchase or otherwise acquire, directly or indirectly, any shares of its stock (all of the foregoing being herein called "Restricted Payments"), *provided, however*, that if, after giving effect to any proposed Restricted Payment, Consolidated Funded Debt would be less than 50% of Consolidated Net Tangible Assets, the Company may make a Restricted Payment out of Consolidated Net Earnings Available for Restricted Payments. "Consolidated Net Earnings" shall mean the consolidated gross revenues of the Company and its Subsidiaries less all operating and non-operating expenses of the Company and its Subsidiaries, including all charges of a proper character (including current and deferred taxes on income, provisions for taxes on unremitted foreign earnings and current additions to reserves), but not including in gross revenues any gains (net of expenses and taxes applicable thereto) in excess of losses resulting from the sale, conversion or other disposition of capital assets (*i.e.*, assets other than current assets), any gains resulting from the write-up of assets, any equity of the Company or any Subsidiary in the undistributed earnings of any corporation which is not a Subsidiary, any earnings of any corporation acquired by the Company or any Subsidiary through purchase, merger or consolidation or otherwise for any time prior to the date of acquisition, or any deferred credits representing the excess of equity in any Subsidiary at the date of acquisition over the cost of the investment in such Subsidiary, all determined in accordance with generally accepted accounting principles. "Consolidated Net Earnings Available for Restricted Payments" on any date shall mean an amount equal to (1) 50% (or minus 100% in the event of a deficit) of Consolidated Net Earnings for the period (taken as one accounting period) commencing on the Applicable Computation Date and terminating at the end of the last fiscal quarter preceding the date of any proposed Restricted Payment, less (2) the sum of (a) the aggregate amount of all dividends and other distributions paid or declared by the Company on any class of its stock after the Applicable Computation Date, and (b) the excess of the aggregate amount expended,

directly or indirectly, after the Applicable Computation Date, for the redemption, purchase or other acquisition of any shares of the Company's stock over the aggregate amount received after the Applicable Computation Date as the net cash proceeds of the sale of any shares of the Company's stock (but not including the proceeds of any convertible indebtedness or of any stock issued upon conversion of any principal amount thereof). The "Applicable Computation Date" with respect to any Restricted Payment shall be the first day on which Consolidated Funded Debt is less than 50% of Consolidated Net Tangible Assets, *provided, however*, that if, subsequent to such Date, Consolidated Funded Debt shall be more than 50% of Consolidated Net Tangible Assets, the Applicable Computation Date shall be the first day thereafter on which Consolidated Funded Debt shall be less than 50% of Consolidated Net Tangible Assets. There shall not be included in Restricted Payments or in any computation of Consolidated Net Earnings Available for Restricted Payments: (x) dividends payable in stock of the Company; or (y) exchanges of stock of one or more classes of the Company, except to the extent that cash or other value is involved in such exchange. The term "stock" as used in this paragraph 6B shall include warrants or options to purchase stock.

6C. *Lien, Debt and Other Restrictions.* The Company covenants that it will not and will not permit any Subsidiary to:

6C(1) *Liens*—Create, incur, assume or suffer to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired (whether or not provision is made for extension of the Mortgage and subordination of such Lien thereto in accordance with the provisions of paragraph 5C), except

(i) Liens existing on the date of this Agreement and securing the Debt of the Company and its Subsidiaries referred to in items A1, A2 and C1 to C5, inclusive, of Schedule 1 hereto, but only to the extent that the Debt secured by such Liens is permitted by clause (i) of paragraph 6C(2);

(ii) Liens created by the Mortgage;

(iii) Liens created by the Second Mortgage, *provided* that such Liens shall at all times be subject and subordinated to the Lien of the Mortgage at least to the extent of their subordination at the date of the Closing;

(iv) Permitted Exceptions; and

(v) liens granted to commercial banks securing Current Debt permitted by clause (x) of paragraph 6C(2).

6C(2) *Debt*—Create, incur, assume or suffer to exist any Debt, except

(i) Funded Debt of the Company and its Subsidiaries outstanding on the date hereof and referred to in Schedule 1 hereto; *provided* that the Company shall, simultaneously with the Closing as provided in paragraph 3H, pay or prepay in full the Debt referred to in items A1, A2, B1 and C1 to C7, inclusive, of Schedule 1;

(ii) Funded Debt of the Company represented by the Notes;

(iii) Funded Debt of the Company represented by the Bank Term Note and the Interim IDA Note;

(iv) after payment in full of the Interim IDA Note, Funded Debt of LCP-New York consisting of the IDA Note and Funded Debt of the Company consisting of its guaranty of the IDA Note and the IDA Bond, *provided* that neither the principal amount of the IDA Note nor the Company's maximum liability for payments of principal under such guaranty shall at any time exceed \$7,500,000;

(v) Funded Debt of the Company and its Subsidiaries under the Guaranty, dated as of December 14, 1979, among the Company and its Subsidiaries *providing for cross-guaranties of certain obligations* of the Company and its Subsidiaries under the Acquisition Agreement and certain other agreements relating thereto;

(vi) Funded Debt of the Company consisting of notes payable to AFCO Credit Corp for the purpose of financing premiums due under the Company's insurance policies, *provided* that the aggregate amount of such Funded Debt outstanding at any time shall not exceed \$1,200,000;

(vii) Funded Debt of the Company in respect of Capital Leases which are permitted under paragraph 6C(6);

(viii) Subordinated Debt of the Company represented by (a) the Allied Chemical Note in the principal amount of \$5,000,000, (b) the Interim Salt Note and the International Salt Notes in an aggregate principal amount not to exceed \$2,500,000, and (c) the Antilles Salt Notes in an aggregate principal amount not to exceed \$500,000, *provided* that all such Subordinated Debt is created or evidenced by an instrument which includes the subordination provisions set forth in Schedule 1 to this Agreement;

(ix) the Subordinated Promissory Note, dated October 13, 1977 and amended October 14, 1977, of LCP Plastics payable to the Company in the principal amount of \$325,000, the Subordinated Promissory Note, dated November 30, 1978, of Plastic Industries payable to the Company in the principal amount of \$100,000, and any other Funded or Current Debt of a Subsidiary to the Company or to another Subsidiary;

(x) Current Debt of the Company not in excess of \$5,000,000 aggregate principal amount at any one time outstanding, *provided* that the Company shall not create, incur, assume or suffer to exist any Current Debt permitted by this clause (x) on any day unless there has been a period of at least 60 consecutive days within the 365-day period immediately preceding such day during which the Company shall have been free of all Current Debt permitted by this clause (x); and

(xi) Funded Debt of the Company consisting of its guaranty of obligations of its Subsidiaries incurred in the ordinary course of business, *provided* that such obligations do not constitute Debt for borrowed money;

6C(3) *Loans, Advances and Investments*—Make or permit to remain outstanding any loan or advance to, or own, purchase or acquire any stock, obligations or securities of, or any interest in, or make any capital contribution to, any other Person except that the Company or any Subsidiary may

(i) make and permit to remain outstanding loans or advances to any Subsidiary,

(ii) own, purchase or acquire stock, obligations or securities of a Subsidiary or of a corporation which immediately after such purchase or acquisition will be a Subsidiary,

(iii) acquire and own stock, obligations or securities received in settlement of debts (created in the ordinary course of business) owing to the Company or any Subsidiary,

(iv) own, purchase, or acquire (A) commercial paper maturing not in excess of one year from the date of acquisition and rated P-1 by Moody's Investors Service, Inc. or A-1 by Standard & Poor's Corporation on the date of acquisition, (B) certificates of deposit of Summit and Elizabeth Trust Company and of other United States commercial banks having a combined capital and surplus in excess of \$100,000,000, and (C) obligations of the United States Government or any agency thereof and obligations guaranteed by the United States Government, in each case maturing not in excess of one year from the date of acquisition;

(v) make and permit to remain outstanding advances in the ordinary course of business to employees for travel and related expenses; and

(vi) permit to remain outstanding and renew loans to key executives of the Company pursuant to an executive compensation plan, *provided* that the aggregate amount of such loans shall not at any time exceed \$136,500;

6C(4) *Sale of Stock and Debt of Subsidiaries*—Sell or otherwise dispose of any shares of stock or Debt of any Subsidiary except to the Company or another Subsidiary;

6C(5) *Merger and Sale of Assets*—Merge or consolidate with any other corporation or sell, lease or transfer or otherwise dispose of all or a substantial part of its assets, to any Person, except that

(i) any Subsidiary may merge into the Company (*provided* that the Company shall be the continuing or surviving corporation) or with any one or more other Subsidiaries, and

(ii) any Subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to the Company or another Subsidiary.

6C(6) *Lease Rentals*—Enter into, or permit to remain in effect, any agreements to rent or lease (as lessee) any real or personal property (including Capital Leases) for remaining terms (including options to renew or extend any term, whether or not exercised) of more than three years providing for payments by the Company and all Subsidiaries on a consolidated basis in an aggregate amount in excess of \$600,000 in any twelve consecutive months, *provided* that there shall not be taken into account in determining compliance with this subparagraph 6C(6),

(a) rentals under leases of sales offices and data processing equipment used in the business of the Company or any Subsidiary,

(b) rentals under leases of rail cars to the extent that the aggregate amount of all rentals payable by the Company and its Subsidiaries under all such leases during any twelve consecutive months does not exceed \$2,500,000, and

(c) rentals under leases relating to dimensionally stable anodes to the extent that the aggregate amount of all rentals payable under all such leases during any twelve consecutive months does not exceed \$2,750,000;

6C(7) *Sale and Lease-Back*—Enter into any arrangement with any bank, insurance company or other lender or investor or to which such lender or investor is a party providing for the leasing by the Company or any Subsidiary of real or personal property which has been or is to be sold or transferred by the Company or any Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of such property or rental obligations of the Company or any Subsidiary;

6C(8) *Sale or Discount of Receivables*—Discount or sell with recourse, or sell for less than the face value thereof, any of its notes or accounts receivable;

6C(9) *Certain Contracts*—Enter into or be a party to

(i) any contract providing for the making of loans, advances or capital contributions to any Person, or the purchase of any property from any Person, for the purpose of enabling such Person to maintain working capital, net worth or any other balance sheet condition or to pay debts, dividends or expenses, or

(ii) any contract for the purchase of materials, supplies or other property if such contract requires that payment for such materials, supplies or other property shall be made regardless of whether or not delivery of such materials, supplies or other property is ever made or tendered, or

(iii) any contract to rent or lease (as lessee) any real or personal property if such contract (or any related document) provides that the obligation to make payments thereunder is absolute and unconditional under conditions not customarily found in commercial leases then in general use or requires that the lessee purchase or otherwise acquire securities or obligations of the lessor, or

(iv) any contract for the sale or use (as vendor, lessor or hirer) of materials, supplies or other property if such contract (or any related document) requires that payment for such materials, supplies or other property, or the use thereof, shall be subordinated to any indebtedness (of the purchaser or user of such materials, supplies or other property) owed or to be owed to any Person, or

(v) any other contract which, in economic effect, is substantially equivalent to a guaranty, except as permitted by clauses (iv), (v) and (xi) of paragraph 6C(2).

6D. *Issuance or Sale of Stock by Subsidiaries.* The Company covenants that it will not permit any Subsidiary to issue, sell or dispose of any shares of its stock of any class (other than directors' qualifying shares) except to the Company or another Subsidiary.

6E. *Payments on Subordinated Debt.* The Company covenants that it will not and will not permit any Subsidiary to make or agree to make any payment on account of the principal of or the premium, if any, or interest on any Subordinated Debt, or any redemption, retirement, purchase or other acquisition of any Subordinated Debt unless both (i) such payment, redemption, retirement, purchase or other acquisition (a) shall be a mandatory interest payment, mandatory prepayment or installment payment (fixed or contingent) of principal, or mandatory payment of principal at scheduled maturity, in each case required by the terms of such Subordinated Debt or a related agreement as in effect at the time of the original

issuance thereof or (b) if made on account of the Interim Salt Note, shall be made out of the proceeds of "Salt Payment Deferrals" (as such term is defined in section 2.3 of the Bank Loan Agreement) and (ii) such payment, redemption, retirement, purchase or other acquisition shall not be in violation of the subordination provisions contained in Schedule 2 hereto.

7. *Events of Default.* If any of the following events shall occur and be continuing for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or otherwise): If the Company defaults in the payment of any principal of, or premium, if any, on, any Note when the same shall become due, either by the terms thereof or otherwise as herein provided; or if the Company defaults in the payment of any interest on any Note for more than 10 days after the date due; or if an "Event of Default" as defined in the Bank Loan Agreement or the Mortgage shall occur; or if the Company or any Subsidiary defaults in any payment of principal of or premium, if any, or interest on any other obligation for borrowed money (or any obligation under conditional sale or other title retention agreement or any obligation issued or assumed as full or partial payment for property whether or not secured by a purchase money mortgage or any obligation under notes payable or drafts accepted representing extensions of credit) in original principal amount aggregating \$50,000 beyond any period of grace provided with respect thereto or defaults in the performance of any other agreement, term or condition contained in any agreement under which any such obligation is created or under any Mortgage or security arrangement relating thereto (or if any other default under any such agreement, mortgage or security arrangement shall occur and be continuing) if the effect of such default is to cause, or to permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, such obligation to become due prior to its stated maturity; or if any material representation or warranty made by the Company herein or in any writing furnished in connection with or pursuant to this Agreement shall be false in any material respect on the date as of which made; or if the Company defaults in the performance or observance of any agreement contained in paragraph 6; or if the Company or any Subsidiary makes an assignment for the benefit of creditors or shall be generally not paying its debts as they become due or shall commence a case under the Federal bankruptcy laws, or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under

any present or future statute, law or regulation, or shall file any answer admitting or not contesting the material allegations of a petition filed against the Company or such Subsidiary in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, custodian, receiver or liquidator of the Company or such Subsidiary or of all or any substantial part of the properties of the Company or such Subsidiary, or if the Company or its directors or majority stockholders shall take any action for the purpose of any of the foregoing; or if, without the consent or acquiescence of the Company or any Subsidiary, an order shall be entered constituting an order for relief or approving a petition for relief or reorganization or any petition seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief with respect to the Company or such Subsidiary under any present or future statute, law or regulation, or if any such petition shall be filed against the Company or any Subsidiary and such petition shall not be dismissed within 30 days, or if, without the consent or acquiescence of the Company or such Subsidiary, an order shall be entered appointing a trustee, custodian, receiver or liquidator of the Company or such Subsidiary or of all or any substantial part of the properties of the Company or such Subsidiary and such order shall not be dismissed within 30 days; then the holder or holders of at least 66 2/3% of the principal amount of the Notes at the time outstanding may, at its or their option, declare all of the Notes to be, and all of the Notes shall thereupon be and become, forthwith due and payable, together with interest accrued thereon.

8. *Representations and Warranties.* The Company represents and warrants:

8A. *Incorporation, Standing of the Company.* The Company is a corporation duly incorporated and existing in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own or lease its properties and to carry on its business as now being conducted and proposed to be conducted, to enter into the Acquisition Agreement and this Agreement, to issue the Notes and to carry out the terms hereof and thereof.

8B. *Subsidiaries.* The Company has no Subsidiaries except (i) LCP Plastics and Plastic Industries, (ii) LCP-Georgia, LCP-New York, LCP-North Carolina and LCP Transportation, which were created for the purpose of receiving the Allied Chemical Assets pursuant to the Acquisition

Agreement and operating the same, (iii) LCP-New Jersey, which was created for the purpose of receiving the New Jersey Assets from the Company and operating the same and (iv) LCP Enterprises, Inc., which is inactive. All of such Subsidiaries are Delaware corporations except Plastic Industries which is a Florida corporation and LCP Enterprises, Inc. which is a New Jersey corporation.

8C. *Incorporation, Standing, Stock of Subsidiaries, etc.* Each Subsidiary is a corporation duly incorporated and existing in good standing under the laws of its state of incorporation; each of LCP Plastics and Plastic Industries has all requisite corporate power and authority to own and/or lease its properties and to carry on its business as now conducted, and each of LCP-Georgia, LCP-New Jersey, LCP-New York, LCP-North Carolina and LCP Transportation have all requisite corporate power to own or lease the properties and to carry on the businesses to be transferred to it pursuant to the Acquisition Agreement or on the transfer of the New Jersey Assets. The Company has good and marketable title to all of the issued and outstanding shares of capital stock of each Subsidiary, in each case free and clear of any mortgage, pledge, lien, encumbrance or charge or conditional sale or other title retention agreement; and all such shares are duly issued, fully paid and nonassessable.

8D. *Qualification.* The Company is and each Subsidiary is duly qualified as a foreign corporation to do business and in good standing in every jurisdiction in which the nature of the properties (including the Allied Chemical Assets) owned (or to be owned after the closing under the Acquisition Agreement or the transfer of the New Jersey Assets) or the nature of the business transacted (or to be transacted after such closing or transfer) makes or will make such qualification necessary.

8E. *Financial Statements.* The Company has furnished you with the following financial statements, identified by a principal financial officer of the Company: (i) consolidated balance sheets of the Company and its Subsidiaries as at September 30 in each of the years 1974 to 1978, inclusive, and consolidated statements of income, retained earnings and changes in financial position of the Company and its Subsidiaries for the fiscal years then ended, together with the reports thereon of J. K. Lasser & Co. for the fiscal years ended September 30, 1974 to 1976, inclusive, and of Touche Ross & Co. for the fiscal years ended September 30, 1977 and 1978, (ii) a

consolidated balance sheet of the Company and its Subsidiaries as at June 30, 1979 and consolidated statements of income, retained earnings and changes in financial position of the Company and its Subsidiaries for the nine-month period then ended, prepared by the Company and (iii) pro forma consolidated balance sheets of the Company and its Subsidiaries as at September 30, 1978 and June 30, 1979, and the related pro forma consolidated statements of income of the Company and its Subsidiaries for the fiscal periods then ended after giving effect to the proposed acquisition of the Allied Chemical Assets. All such statements have been prepared in accordance with generally accepted accounting principles on a consistent basis during such periods. Such balance sheets fairly present the condition of the Company and its Subsidiaries, on a pro forma basis where indicated, as at the dates thereof, and such statements of income, retained earnings and changes in financial position fairly present the results of the operations of such corporations, on a pro forma basis where indicated, for the periods indicated. There has been no material adverse change in the condition, financial or otherwise, of the Company or any of its Subsidiaries since September 30, 1978.

8F. *Changes and Restricted Payments.* Since September 30, 1978, there has been no change in the assets, liabilities, conduct or affairs of the Company or any of its Subsidiaries or in the Allied Chemical Assets from that set forth or reflected in the consolidated balance sheet and the pro forma consolidated balance sheet of the Company and its Subsidiaries as at such date referred to in paragraph 8E, other than changes in the ordinary course of business which have not been either in any case or in the aggregate, materially adverse. Since September 30, 1978, neither the Company nor any of its Subsidiaries has, directly or indirectly, declared, ordered, paid or made any Restricted Payment, or agreed to do so.

8G. *Representation and Warranty of Allied Chemical.* The representation and warranty of Allied Chemical made in Section 3.01 of the Acquisition Agreement is true and correct.

8H. *Capitalization.* The authorized capital stock of the Company consists of (i) 1,000,000 shares of Convertible Preferred Stock, par value \$.10 per share (the "Convertible Preferred Stock"), of which 624,995 shares have been duly issued, and are validly outstanding, fully paid and nonassessable, (ii) 2,000,000 shares of voting Common Stock, of which 676,081

shares have been duly issued, and are validly outstanding, fully paid and nonassessable, and 46,222 shares are held in the treasury of the Company, (iii) 125,500 shares of non-voting Common Stock, of which 62,250 shares have been duly issued and are validly outstanding, fully paid and nonassessable, and (iv) 275,000 shares of Class B Common Stock, none of which is issued and outstanding. The following shares of such capital stock have been duly reserved for issuance: (i) 624,995 shares of voting Common Stock for issuance upon conversion of the Convertible Preferred Stock, (ii) 150,000 shares of voting Common Stock for issuance upon exercise of the Manufacturers Hanover Warrant, (iii) 18,750 shares of non-voting Common Stock for issuance upon exercise of options by the Company's employees, and (iv) 275,000 shares of Class B Common Stock for issuance upon exercise of the Warrants. There are no other outstanding rights, options, warrants or agreements for the purchase or acquisition from or sale by the Company of any of its Preferred Stock or Common Stock; and no shares of Common Stock are owned or held by or for the account of the Company other than 46,222 shares of Common Stock referred to above held in the treasury of the Company.

8I. *Outstanding Debt.* Neither the Company nor any of its Subsidiaries has outstanding any Debt except as permitted by paragraph 6C(2). There exists no default under the provisions of any instrument evidencing any such Debt or of any agreement relating thereto.

8J. *Title to Properties, etc.* The representations and warranties made by Allied Chemical in sections 3.02 to 3.08, inclusive, of the Acquisition Agreement are true and correct, and the liens, claims and encumbrances disclosed in Exhibit A and B thereto are not substantial in amount, do not materially impair the operation of the Allied Chemical Assets and have not arisen otherwise than in the ordinary course of business. The Company has and each of its Subsidiaries has (or will have after the closing under the Acquisition Agreement or the transfer of the New Jersey Assets) good and marketable title to its respective properties and assets, including the properties and assets reflected in the balance sheets referred to in paragraph 8E above, except properties and assets disposed of since such date in the ordinary course of business, and good and marketable title to their leasehold estates, in each case subject to no Lien other than Liens permitted by paragraph 6C(1).

8K. *Trademarks, Copyrights, Patents, etc.* The Company and each of its Subsidiaries owns or possesses (or will own or possess after the closing under the Acquisition Agreement or the transfer of the New Jersey Assets) all trademarks, service marks, trade names, copyrights, patents, licenses and rights with respect to the foregoing necessary to conduct their respective businesses as are now operated or proposed to be operated, without any known conflicts with the rights of others.

8L. *Taxes.* The Company has and each of its Subsidiaries has filed all Federal and state income tax returns which are required to be filed, and each has paid all taxes as shown on said returns and on all assessments received by it to the extent that such taxes have become due. The Federal income tax liabilities of the Company and its Subsidiaries have been examined and reported on by the Internal Revenue Service (or closed by applicable statutes) and satisfied for all fiscal years prior to and including the fiscal year ended September 30, 1976. The Company and its Subsidiaries have paid or caused to be paid, or have established adequate reserves for the payment of, all Federal income tax liabilities of the Company and its Subsidiaries for all fiscal years ended since such date and all state income tax liabilities of the Company and its Subsidiaries, and neither the Company nor any of its Subsidiaries knows of any material proposed assessment of additional Federal or state income taxes for any fiscal year or any basis therefor.

8M. *Actions Pending.* There is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries or Allied Chemical with respect to the Allied Chemical Assets before any court, arbitrator or administrative or governmental body, which might result in any material adverse change in the business or condition (financial or otherwise) of the Company or any Subsidiary or of the Allied Chemical Assets and none which question the validity of the Acquisition Agreement, this Agreement or the Notes or any action taken or to be taken in connection therewith.

8N. *Conflicting Agreements and Charter Provisions.* Neither the Company nor any of its Subsidiaries is a party to any contract or agreement or subject to any charter or other corporate restriction which materially and adversely affects or in the future may (so far as the Company can now foresee) materially adversely affect its business, property or assets (including the Allied Chemical Assets) or financial condition. Neither the

execution and delivery of the Acquisition Agreement, this Agreement, the Mortgage, the Notes and the Warrants nor fulfillment of or compliance with the terms and provisions hereof and of the Acquisition Agreement, the Mortgage, the Notes and the Warrants will result in the creation of any Lien on any of the properties or assets of the Company or of its Subsidiaries except the Mortgage, the Second Mortgage and Permitted Exceptions or will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, the charter or by-laws of the Company or any of its Subsidiaries or any agreement, instrument, order, judgment, decree, statute, law, rule or regulation to which the Company or any of its Subsidiaries is subject.

8O. *Regulation G, etc.* Neither the Company nor any Subsidiary owns any "margin security" within the meaning of Regulation G (12 CFR Part 207) of the Board of Governors of the Federal Reserve System (herein called a "margin security"). The net cash proceeds of the sale of the Notes and the Warrants to you and of the Bank Term Note and the Interim Notes to Manufacturers Hanover the Banks will be used to acquire the Allied Chemical Assets, to retire the Debt referred to in paragraph 3H, and for working capital purposes of the Company and its Subsidiaries. None of such proceeds will be used for the purpose of purchasing or carrying any margin security or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry a margin security or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of said Regulation G, or cause this Agreement to violate Regulation G, Regulation T, Regulation X or any other regulation of the Board of Governors of the Federal Reserve System, or the Federal Securities Exchange Act of 1934, each as in effect now or as the same may hereafter be in effect on the date of the Closing.

8P. *Offering of Securities.* Neither the Company nor any agent acting on its behalf has offered the Notes or the Warrants or any similar securities of the Company for sale to, or solicited any offers to buy the Notes or the Warrants or any similar securities of the Company from, any Person or Persons other than you, and neither the Company nor any agent acting on its behalf will take any action which would subject the issuance or sale of the Notes or the Warrants to the provisions of Section 5 of the Securities Act of 1933, as amended.

8Q. *Pension Reform Act of 1974.* No employee benefit plan established or maintained by, or to which contributions have been made by, the Company or any of its Subsidiaries or both, which is subject to Part 3 of Title I of the Employee Retirement Income Security Act of 1974, as amended and in effect on the date hereof ("ERISA"), had an accumulated funding deficiency (as such term is defined in Section 302 of such Act) as of the last day of the most recent fiscal year of such plan ended prior to the date hereof, or would have had an accumulated funding deficiency (as so defined) on such day if such year were the first year of such plan to which Part 3 of Title I of such Act applied, and no material liability to the Pension Benefit Guaranty Corporation has been or is expected by the Company to be incurred with respect to any such plan by the Company or by any of its Subsidiaries. The issue, execution, sale and delivery of the Notes or Warrants pursuant to this Agreement will not involve any prohibited transaction within the meaning of ERISA or Section 4975 of the Internal Revenue Code.

8R. *Compliance with Statutes and Regulations.* The Company and each of its Subsidiaries are (or will be after the closing under the Acquisition Agreement or the transfer of the New Jersey Assets) to the best of the knowledge and belief of the Company, in compliance with all applicable statutes, regulations, orders and restrictions of the United States of America, foreign countries, states and municipalities, and agencies and instrumentalities of the foregoing (including, without limitation, applicable statutes, regulations, orders and restrictions relating to equal employment opportunities, occupational health and safety, interstate commerce and environmental standards or controls), in respect of the conduct of their respective businesses and ownership of their respective properties (including, without limitation, the ownership of the Allied Chemical Assets). No governmental consents, approvals or authorizations are required to be obtained and no registrations or declarations are required to be filed in connection with the execution and delivery of the Acquisition Agreement, this Agreement, the Mortgage, the Notes and the Warrants.

8S. *Employee Benefits.* No rights to severance pay or other benefits for which the Company would be liable will accrue to any Person currently employed in connection with Allied Chemical Assets as a result of the execution and delivery of the Acquisition Agreement or in connection with the transactions contemplated thereby.

8T. *Disclosure.* Neither this Agreement nor any other document, certificate or instrument delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby, in each case as of its date, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact known to the Company which materially adversely affects or in the future may materially adversely affect the business or financial condition of the Company or any Subsidiary or any of its or their respective properties or assets (including the Allied Chemical Assets), which has not been set forth in this Agreement or in the other documents, certificates, and instruments delivered to you by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

9. *Representations of the Purchaser.*

9A. *Representation of the Purchaser as to Purchase for Investment.* You represent and in making this sale to you it is specifically understood and agreed that you are acquiring the Notes and the Warrants for the purpose of investment and not with a view to or for sale in connection with any distribution thereof or of shares of Class B Common Stock issuable upon exercise of the Warrants, provided that the disposition of your property shall at all times be and remain within your control.

9B. *Representation of the Purchaser as to Source of Purchase Price.* You represent that no part of the Notes or Warrants being acquired by you under this Agreement will be acquired with assets allocated to any separate account maintained by you in which a Plan participates. As used in this paragraph 9B, the term "separate account" has the meaning assigned to it in section 3 of ERISA.

10. *Definitions.* For the purpose of this Agreement, the following terms shall have the following meanings:

10A. "*Bank Loan Agreement*" shall mean the Bank Loan Agreement, dated as of December 11, 1979, between Manufacturers Hanover and the Company.

10B. "*Bank Term Note*" shall mean the Bank Term Note due December 31, 1985 of the Company, issued pursuant to the Bank Loan Agreement, in the principal amount of \$4,500,000.

10C. "*Capital Lease*" shall mean any agreement to rent or lease (as lessee) real or personal property which is required to be capitalized in accordance with generally accepted accounting principles.

10D. "*Consolidated Funded Debt*" shall mean the aggregate Funded Debt of the Company and its Subsidiaries, determined in accordance with generally accepted accounting principles on a consolidated basis after eliminating all inter-company items.

10E. "*Consolidated Net Tangible Assets*" shall mean the total of all assets properly appearing on a consolidated balance sheet of the Company and its Subsidiaries prepared in accordance with generally accepted accounting principles, after deducting therefrom (without duplication of deductions) (i) all current liabilities (other than the current portion of Funded Debt) of the Company and its Subsidiaries, determined, on a consolidated basis after eliminating all inter-company items, in accordance with generally accepted accounting principles, (ii) the book amount of all assets which would be treated as intangibles under generally accepted accounting principles, (iii) any write-up in the book value of any asset resulting from a revaluation thereof subsequent to September 30, 1978, (iv) all reserves which appear or under generally accepted accounting principles are required to appear on such balance sheet, (v) all minority interests, if any, in the stock and surplus of Subsidiaries, (vi) the amount, if any, at which any shares of stock of the Company or any Subsidiary appear on the asset side of such balance sheet, and (vii) all deferred charges.

10F. "*Consolidated Working Capital*" shall mean the excess of consolidated current assets over consolidated current liabilities of the Company and its Subsidiaries both determined in accordance with generally accepted accounting principles, *provided* that there shall not be included in current assets (i) any loans or advances made by the Company or any Subsidiary, nor (ii) any assets located outside (including any amounts payable by Persons located outside) the United States of America and Canada and, *provided further* that prior to December 1, 1980, there shall not be included in current liabilities any amounts payable with respect to the Interim International Salt Notes.

10G. "*ERISA*" shall have the meaning specified in paragraph 8Q.

10H. "*Event of Default*" shall mean any of the events specified in paragraph 7, *provided* that there has been satisfied any requirement in

connection with such event for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, and "Default" shall mean any of such events, whether or not any such requirement has been satisfied.

10I. "*Funded Debt*" shall mean (i) any obligation payable more than one year from the date of the creation thereof, which under generally accepted accounting principles is shown on the balance sheet as a liability (excluding reserves, deferred income taxes and other reserves to the extent that such reserves do not constitute an obligation), including, without duplication, the amount of any such obligation under any Capital Lease, and (ii) guarantees, endorsements (other than endorsements of negotiable instruments for collection in the ordinary course of business) and other contingent liabilities (whether direct or indirect) in connection with the obligations (regardless of the term of such obligations), stock or dividends of any Person. "*Current Debt*" shall mean any obligation for borrowed money (and any notes payable and drafts accepted and other obligations representing extensions of credit whether or not representing obligations for borrowed money) payable on demand or within a period of one year from the date of the creation thereof; *provided* that any obligation shall be treated as Funded Debt, regardless of its term, if such obligation is renewable pursuant to the terms thereof or of a revolving credit or similar agreement effective for more than one year after the date of the creation of such obligation, or may be payable out of the proceeds of similar obligations pursuant to the terms of such obligation or of any such agreement. Any obligation secured by a Lien on property of the Company or any Subsidiary shall be deemed to be Funded or Current Debt, as the case may be, of the Company or such Subsidiary even though such obligation shall not be assumed by the Company or such Subsidiary. "*Debt*" shall mean Funded and/or Current Debt, as the case may be.

10J. "*Industrial Development Agency*" shall mean the Onondaga County Industrial Development Agency.

10K. "*IDA Bond*" shall mean the 1979 Industrial Development Bond (LCP Chemicals—New York, Inc. Facility) in the principal amount of \$7,500,000 to be issued by the Industrial Development Agency in connection with the financing of the acquisition by the Company of the chlorine caustic plant of Allied Chemical at Geddes, New York.

10L. "*IDA Note*" shall mean the promissory note in the principal amount of \$7,500,000 to be issued by LCP-New York to the Industrial Development Agency in connection with the financing of the acquisition by the Company of the chlorine caustic plant of Allied Chemical at Geddes, New York.

10M. "*Interim IDA Note*" shall mean the Promissory Note due March 15, 1980 of the Company, issued pursuant to the Bank Loan Agreement, in the amount of \$7,500,000.

10N. "*LCP-Georgia*" shall mean LCP Chemicals-Georgia, Inc., a Delaware corporation and a Subsidiary of the Company.

10O. "*LCP-New Jersey*" shall mean LCP Chemicals-New Jersey, Inc., a Delaware corporation and a Subsidiary of the Company.

10P. "*LCP-New York*" shall mean LCP Chemicals-New York, Inc., a Delaware corporation and a Subsidiary of the Company.

10Q. "*LCP-North Carolina*" shall mean LCP Chemicals-North Carolina, Inc., a Delaware corporation and a Subsidiary of the Company.

10R. "*LCP Plastics*" shall mean LCP Plastics, Inc., a Delaware corporation and a Subsidiary of the Company.

10S. "*LCP Transportation*" shall mean LCP Transportation, Inc., a Delaware corporation and a Subsidiary of the Company.

10T. "*Lien*" shall mean any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction).

10U. "*Manufacturers Hanover*" shall mean Manufacturers Hanover Trust Company, a New York banking corporation.

10V. "*Manufacturers Hanover Warrant*" shall mean the Common Stock Purchase Warrant, dated August 24, 1972 as amended November 15, 1976 and as of September 30, 1978, of the Company issued to Manufacturers Hanover for the purchase of 150,000 shares of Common Stock.

10W. "*Mortgagors*" shall have the meaning specified in the Mortgage.

10X. "*New Jersey Assets*" shall mean the land described in Schedule C to the Mortgage and all improvements, fixtures, equipment and personal property located thereon, relating thereto or used in connection therewith owned by the Company and proposed to be transferred to LCP-New Jersey immediately prior to the Closing.

10Y. "*Officer's Certificate*" shall mean a certificate signed in the name of the Company by its President, one of its Vice Presidents or its Treasurer.

10Z. "*Permitted Exceptions*" shall have the meaning specified in the Mortgage.

10AA. "*Person*" shall mean and include an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization and a government or any department or agency thereof.

10BB. "*Plastic Industries*" shall mean Plastic Industries, Inc., a Florida corporation and a Subsidiary of the Company.

10CC. "*Second Mortgage*" shall have the meaning specified in paragraph 3G.

10DD. "*Subordinated Debt*" shall mean (i) the Allied Chemical Note, (ii) the Interim Salt Note, (iii) the International Salt Notes and (iv) the Antilles Salt Notes, each of which Notes shall include the subordination provisions set forth in Schedule 2 hereto and each of which Notes shall have the scheduled mandatory or prescribed payments of principal set forth in (a) the Allied Chemical Note, (b) section 2.3 of the Bank Loan Agreement, (c) section 8 of the Salt Supply Agreement (the "Salt Supply Agreement"), dated as of December 11, 1979, between the Company and International Salt Company ("International Salt") and (d) section 8 of the Salt Supply Agreement (the "Antilles Salt Supply Agreement"), dated as of December 11, 1979, between the Company and Antilles International Salt Company ("Antilles Salt"), respectively. "*Allied Chemical Note*" shall mean the 10% Subordinated Secured Note, due September 30, 1989, of the Company, payable to Allied Chemical, in the principal amount of \$5,000,000. "*Interim Salt Note*" shall mean the Promissory Note due June 10, 1981, of the Company, payable to Manufacturers Hanover, in the principal amount of

\$2,500,000. "*International Salt Notes*" shall mean the promissory notes in an aggregate principal amount not to exceed \$2,500,000, to be issued by the Company to International Salt pursuant to the Salt Supply Agreement. "*Antilles Salt Notes*" shall mean the promissory notes in an aggregate principal amount not to exceed \$500,000 to be issued by the Company to Antilles Salt pursuant to the Antilles Salt Supply Agreement.

10EE. "*Subsidiary*" shall mean any corporation organized under the laws of any state of the United States of America, Canada, or any province of Canada, which conducts the major portion of its business in the United States of America or Canada, and all of the stock of every class of which (except directors' qualifying shares) shall, at the time as of which any determination is being made, be owned by the Company either directly or through Subsidiaries.

10FF. "*Weighted Average Life to Maturity*" shall mean, as applied to any Debt at any date, the number of years obtained by dividing (i) the then outstanding principal amount of such Debt into (ii) the total of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

#### 11. *Miscellaneous.*

11A. *Home Office Payment.* The Company agrees that, as long as you shall hold any Note, it will make payments of principal thereof and interest and premium, if any, thereon, by crediting immediately available funds to your account, No. 826-00-027, in Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York 10015, or by such other method and at such other address as you shall have furnished to the Company in writing for such purpose, without the presentation of such Note or the making of any notation thereon, notwithstanding any contrary provision herein or in the Notes with respect to the place of payment. You agree that, before disposing of any Note, you will make a notation thereon of all principal payments made thereon and of the date to which interest thereon has been paid, and will notify the Company of the name and address of the transferee of the Note.

**11B. *Expenses.*** The Company agrees, whether or not the transactions hereby contemplated shall be consummated, to pay, and save you harmless against liability for the payment of, all out-of-pocket expenses arising in connection with this transaction and in connection with any amendments or waivers (whether or not the same become effective) under or in respect of this Agreement, the Mortgage, the Notes and the Warrants or any shares of Class B Common Stock issued upon the exercise of any Warrant, including any taxes (including interest and penalties, if any) which may be determined to be payable in respect of your acquisition of the Notes, the Warrants or any shares of Class B Common Stock issued upon exercise of any Warrant, all printing expenses, all recording and filing fees and mortgage taxes and the reasonable fees and expenses of your special counsel and any local counsel in connection with the transactions contemplated hereby and any such amendments or waivers hereto or to the Mortgage, the Notes or the Warrants.

**11C. *Consent to Amendments.*** This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain your written consent to such amendment, action or omission to act. Each holder of any Note at the time or thereafter outstanding shall be bound by any consent authorized by this paragraph 11C or paragraph 11D(3), whether or not such Note shall have been marked to indicate such consent, but any Note issued thereafter shall contain a reference or bear a notation referring to any such consent.

**11D. *Provisions Applicable if Any Note Sold.*** In the event that you shall sell any Note or any part thereof, the following provisions shall apply:

**11D(1) *Notices to Subsequent Holder.*** If any Note shall have been transferred to another holder pursuant to paragraph 11E and such holder shall have designated in writing the address to which communications with respect to such Note shall be mailed, all notices, certificates, requests, statements and other documents required or permitted to be delivered to you by any provision hereof shall also be delivered to each such holder, except that financial statements and other documents provided for in paragraph 5A need not be delivered to any such holder holding less than 5% of the aggregate principal amount of Notes from time to time outstanding.

11D(2) *Pro Rata Payments.* All interest payments and payments or prepayments of principal shall be made and applied pro rata on all Notes at the time outstanding.

11D(3) *Consent by Holders of 66⅔%.* Any consent, approval, notice, demand or objection required or permitted to be given by you by any provision hereof shall be sufficient if given by the holder or holders of at least two-thirds of the principal amount of Notes at the time outstanding except that, without the written consent of the holder or holders of all Notes at the time outstanding, no amendment to this Agreement shall extend the maturity of any Note, or affect the time or amount of any required prepayments, or amend the subordination provisions set forth in Schedule 2 to this Agreement, or reduce the proportion of the principal amount of the Notes required with respect to any consent.

11E. *Form, Registration, Transfer and Exchange of Notes.* The Notes are issuable only as registered Notes without coupons in the denominations of \$1,000 and any integral multiple of \$1,000. The Company shall keep at its principal office a register in which the Company shall provide for the registration and transfer of Notes. Upon surrender of any Note at the principal office of the Company, the Company, at the request of the holder thereof, will execute and deliver, at the Company's expense, new Notes in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note registered in the name of the designated transferee or transferees. Each new Note shall be payable to such Person as such holder shall request. Each such new Note shall be dated and bear interest from the date to which interest has been paid on the surrendered Note. Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note and (i) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (*provided* that, so long as you hold any Note, your agreement of indemnity shall be deemed to be satisfactory), or (ii) in the case of mutilation, upon surrender and cancellation thereof, the Company at its expense will execute and deliver in lieu thereof, a new Note of like tenor, dated and bearing interest from the date to which interest has been paid on such lost, stolen, destroyed or mutilated Note. At the option of the holder of any Note, such Note may be exchanged for other Notes of any authorized denominations, of a like aggregate principal amount, upon

surrender of the Note to be exchanged at the office of the Company. Whenever any Notes are so surrendered for exchange, the Company shall execute and deliver, at its expense, the Notes which the holder making the exchange is entitled to receive. Every Note presented or surrendered for registration of transfer shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the holder of such Note or his attorney duly authorized in writing. Any Note or Notes issued in exchange for any Note or upon transfer thereof shall carry the rights to unpaid interest and interest to accrue which were carried by the Note so exchanged or transferred, and neither gain nor loss of interest shall result from any such transfer or exchange.

11F. *Persons Deemed Owners.* The Company may treat the Person in whose name any Note is registered as the owner and holder of such Note for the purpose of receiving payment of principal of, and premium, if any, and interest on, such Note and for all other purposes whatsoever, whether or not such Note shall be overdue, and the Company shall not be affected by notice to the contrary.

11G. *Survival of Representations and Warranties.* All representations and warranties contained herein or made in writing by the Company in connection herewith shall survive the execution and delivery of this Agreement and of the Notes.

11H. *Successors and Assigns.* All covenants and agreements in this Agreement contained by or on behalf of either of the parties hereto shall bind and inure to the benefit of the respective successors and assigns of the parties hereto whether so expressed or not.

11I. *Notices.* All communications provided for hereunder shall be sent by first class mail and, if to you, addressed to you in the manner (except as otherwise provided in paragraph 11A with respect to payments of principal of and premium, if any, and interest on the Notes) in which this letter is addressed, and if to the Company, at its offices at 14 Commerce Drive, Cranford, New Jersey 07016, *Attention:* President, or to such other address with respect to either party as such party shall notify the other in writing.

11J. *Descriptive Headings.* The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

11K. *Governing Law.* This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York.

11L. *Counterparts.* This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterpart of this letter and return the same to the undersigned, whereupon this letter shall become a binding agreement between you and the undersigned.

Very truly yours,

LINDEN CHEMICALS & PLASTICS, INC.

By: .....

Title:

The foregoing Agreement is hereby  
accepted as of the date first above  
written.

THE PRUDENTIAL INSURANCE COMPANY  
OF AMERICA

By: .....

Title: Vice President

**SCHEDULE 1****LINDEN CHEMICALS & PLASTICS, INC. AND SUBSIDIARIES****Debt as of December 13, 1979**

	<u>Description of Debt Instrument</u>	<u>Principal Amount Outstanding</u>
A.	Secured Debt of the Company	
1.	Revolving Credit Note, dated January 4, 1979, payable to Manufacturers Hanover Trust Company, secured by the Company's New Jersey real property, equipment, inventory and accounts receivable.....	\$3,000,000.00
2.	Term Note, dated January 4, 1979, payable to Manufacturers Hanover Trust Company, secured by the Company's New Jersey real estate, equipment, inventory and accounts receivable .....	4,087,500.00
B.	Unsecured Debt of the Company	
1.	Promissory Note, dated March 20, 1978, payable to Jacobs Engineering Group, Inc. ....	516,110.00
2.	Insurance policy notes payable to AFCO Credit Corp. ....	347,062.00
C.	Secured Debt of Subsidiaries	
1.	Revolving Credit Note of LCP Plastics, Inc., dated January 4, 1979, payable to Manufacturers Hanover Trust Company, secured by real estate, equipment, inventory and accounts receivable of LCP Plastics, Inc. ....	850,000.00
2.	Term Note of LCP Plastics, Inc., dated January 4, 1979, payable to Manufacturers Hanover Trust Company, secured by real estate, equipment, inventory and accounts receivable of LCP Plastics, Inc. ....	1,271,674.00
3.	Mortgage Note of Plastic Industries, Inc., dated September 29, 1978, payable to Penn Engineering and Manufacturing Corp. secured by real estate of Plastic Industries, Inc. ....	313,160.00
4.	Term Loan Note of Plastic Industries, Inc., dated November 30, 1978, payable to Midlantic National Bank secured by real estate, equipment, inventory and accounts receivable of Plastic Industries, Inc. and guaranteed by the Company.....	359,999.92
5.	Revolving Credit Note of Plastic Industries, Inc., dated November 27, 1979, payable to Midlantic National Bank secured by real estate, equipment, inventory and accounts receivable of Plastic Industries, Inc. and guaranteed by the Company.....	20,927.54
6.	Revolving Credit Note of Plastic Industries, Inc., dated December 3, 1979, payable to Midlantic National Bank secured by real estate, equipment, inventory and accounts receivable of Plastic Industries, Inc. and guaranteed by the Company.....	30,000.00
7.	Revolving Credit Note of Plastic Industries, Inc., dated December 10, 1979, payable to Midlantic National Bank secured by real estate, equipment, inventory and accounts receivable of Plastic Industries, Inc. and guaranteed by the Company.....	45,000.00
	Total .....	\$10,841,433.46

**SCHEDULE 2****FORM OF SUBORDINATION PROVISIONS**

The Company covenants and agrees and the holder of the indebtedness evidenced hereby (such indebtedness being herein called "Subordinated Debt") by acceptance hereof likewise covenants and agrees that the payment of the principal of and the premium, if any, and interest on such Subordinated Debt now or hereafter outstanding is expressly made subordinate and subject in right of payment, to all indebtedness in respect of the principal of and the premium, if any, and interest on the 11.50% Secured Notes due December 31, 1994, of the Company, issued pursuant to the Note and Warrant Agreement, (the "Note and Warrant Agreement"), dated as of December 11, 1979, between the Company and The Prudential Insurance Company of America and the Term Note due December 31, 1985 and the Promissory Note due March 15, 1980 of the Company, issued pursuant to the Bank Loan Agreement (the "Bank Loan Agreement"), dated as of December 11, 1979, between the Company and Manufacturers Hanover (including any extension, modification, renewal or refunding of all or any part of such indebtedness, whether or not the holders of such Subordinated Debt shall have notice thereof or shall have consented thereto (all such indebtedness being hereinbelow called "Senior Debt"), and further that:

1. If there shall occur an Event of Default or Default, as defined in paragraph 10 of the Note and Warrant Agreement, Section 1 of the Bank Loan Agreement or Section 4.01 of the First Mortgage, Deed of Trust and Security Agreement, dated December 13, 1979, from the Company and its subsidiaries to Irving Trust Company and D.W. May, as Trustees, then, unless and until such Event of Default or Default shall have been cured, or unless such Event of Default or Default shall have been waived in accordance with the Note and Warrant Agreement, Bank Loan Agreement or Mortgage and such waiver shall at the time be in full force and effect, or unless and until all Senior Debt shall be paid in full, the right of all holders of Subordinated Debt to receive or accept any payment from the Company in respect of Subordinated Debt shall be suspended (the "Suspension") as set forth below:

(a) unless a holder of Senior Debt has accelerated or otherwise declared the same to be due and payable prior to the maturity thereof, the Suspension shall terminate, to the extent set forth in subparagraphs (b) and (c) below, upon the later to occur of the following events: (x) the expiration of 365 days from the first date

on which a payment due in respect of Subordinated Debt is not made because of the Suspension, and (y) the final disposition (including any rights of appeal) of any judicial proceedings in respect of such Event of Default or Default which are being diligently pursued in good faith by one or more holders of Senior Debt;

(b) upon the termination of any Suspension, the holders of Subordinated Debt shall be entitled to receive and, notwithstanding the provisions of paragraph 2 hereof, to retain all unpaid principal and interest in respect of such Subordinated Debt that have accrued without giving effect to any acceleration of the maturity thereof or declaration that the same is due and payable before the stated maturity thereof, and, thereafter, such holders shall be entitled to receive current payments of principal and interest notwithstanding the continuance of such Event of Default or Default; and

(c) the provisions of subparagraphs (a) and (b) of this paragraph 1 limiting a Suspension shall not be applicable to any Subordinated Debt the maturity of which has been accelerated or which has otherwise been declared to be due and payable prior to the stated maturity thereof.

2. In the event that any holder of Subordinated Debt shall receive any payment on Subordinated Debt which it is not entitled to receive under the provisions of the foregoing paragraph 1, it will hold any amount so received in trust for the holders of Senior Debt and will forthwith turn over such payment to such holders of Senior Debt to be applied on Senior Debt, ratably according to the respective aggregate amounts remaining unpaid thereon, until all Senior Debt has been paid in full; *provided*, that any such amount that has been received by a holder of Subordinated Debt that is not aware that an Event of Default or Default has occurred and is continuing, need not be held in trust for more than the longer of (x) one year after it has been received by such holder, or (y) 20 days after receipt by the holders of such Senior Debt of a report of independent auditors for the Company covering the period during which such payment was made and advising whether their

review has disclosed an Event of Default or Default; and such amount need not be turned over as provided in this paragraph 2 unless, prior to the end of the longer of such periods, such holder has received written notice from the Company or from any holder of Senior Debt that an Event of Default or Default has occurred and is continuing.

3. No holder of Subordinated Debt will commence any action or proceeding against the Company to recover all or any part of the Subordinated Debt or join with any creditor, except to enforce its rights under paragraph 1(b) after the termination of any Suspension, unless the holder or holders of at least 66⅔% in principal amount of all Senior Debt shall also join, in bringing any proceedings against the Company under any bankruptcy, reorganization, readjustment of debt, arrangement of debt, receivership, liquidation or insolvency law or statute of the Federal or any State government unless and until Senior Debt shall be paid in full.

4. In the event of any liquidation, dissolution or other winding up of the Company, or in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization or arrangement with creditors, whether or not pursuant to bankruptcy laws, sale of all or substantially all of the assets or any other marshalling of the assets and liabilities of the Company, (i) all Senior Debt shall first be paid in full before any holder of Subordinated Debt shall be entitled to receive any moneys, dividends or other assets in any such proceeding, and (ii) each holder of Subordinated Debt will at the request of any holder of Senior Debt file any claim, proof of claim or other instrument of similar character necessary to enforce the obligations of the Company in respect of Subordinated Debt and will hold in trust for the holders of Senior Debt and pay over to the holders of Senior Debt to be applied on Senior Debt, ratably according to the respective aggregate amounts remaining unpaid thereon, any and all moneys, dividends or other assets received in any such proceeding on account of Subordinated Debt, unless and until all Senior Debt shall be paid in full. In the event any holder of Subordinated Debt shall fail to take such action requested by any holder of Senior Debt, any holder of Senior Debt may, as attorney-in-fact for such holder of Subordinated Debt, take such action on behalf of such holder of Subordinated Debt and each such holder of Subordinated Debt hereby appoints each holder of Senior Debt as its attorney-in-fact to demand, sue for, collect and receive any and all such moneys, dividends or other assets and give

acquittance therefor and to file any claims, proof of claim or other instrument of similar character and to take such other action (including acceptance or rejection of any plan of reorganization or arrangement) in the name of such holder of Senior Debt or in the name of such holder of Subordinated Debt as such holder of Senior Debt may deem necessary or advisable for the enforcement of the agreement contained herein; and each holder of Subordinated Debt will execute and deliver to each holder of Senior Debt such other and further powers of attorney or other instruments as any holder of Senior Debt may request in order to accomplish the foregoing.

5. Notwithstanding the fact that one or more holders of Senior Debt agree with the Company, without the consent of or notice to any holder of Subordinated Debt, at any time or from time to time, to do any of the following:

(a) change the amount, manner, place or terms of payment or change or extend the time of payment of or renew or alter Senior Debt or amend the Note and Warrant Agreement and Bank Loan Agreement in any manner or enter into or amend in any manner any other agreement relating to Senior Debt (including provisions restricting or further restricting payments of principal of and interest on Subordinated Debt);

(b) sell, exchange, release or otherwise deal with any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, Senior Debt;

(c) release anyone liable in any manner for the payment or collection of Senior Debt;

(d) exercise or refrain from exercising any rights against the Company and others (including any holder of Subordinated Debt); and

(e) apply any sums by whomsoever paid or however realized to Senior Debt;

such holder or holders of Senior Debt shall not thereby incur any responsibility to any holder of Subordinated Debt and such action shall not impair or release any of the rights of any holder of Senior Debt or any of the obligations of any holder of Subordinated Debt hereunder.

BANK LOAN AGREEMENT

between

LINDEN CHEMICALS & PLASTICS, INC.

and

CERTAIN SUBSIDIARIES,

and

MANUFACTURERS HANOVER TRUST COMPANY

Dated as of December 11, 1979

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BANK LOAN AGREEMENT, dated as of December 11, 1979, among LINDEN CHEMICALS & PLASTICS, INC., a Delaware corporation (the "Company"), each subsidiary of the Company which is a party to this Agreement and MANUFACTURERS HANOVER TRUST COMPANY, a New York State banking corporation (the "Bank").

#### INTRODUCTORY STATEMENT

The Company and one of its subsidiaries is a party to a Credit Agreement, dated as of September 30, 1978, with the Bank under which the principal amount of \$9,209,174 is outstanding as of the date hereof (said Agreement, as modified to the date hereof is hereinafter referred to as the "Existing Credit Agreement"). The obligations of the Company and its subsidiary to the Bank under the Existing Credit Agreement are secured by mortgages and security interests on substantially all of the assets of the Company and such subsidiary (the "Existing Collateral Security").

The Company proposes to acquire three chlorine-caustic soda plants from Allied Chemical Corporation, a New York corporation ("Allied Chemical") which are located at Geddes, New York, Brunswick, Georgia and Acme, North Carolina, together with certain other properties and assets located thereat, relating thereto or used in connection therewith (the "Allied Chemical Assets"). The acquisition is provided for in an Acquisition Agreement, dated as of December 11, 1979, between Allied Chemical and the Company (the "Acquisition Agreement"). Simultaneously with the acquisition, the Company will refinance the unpaid principal amount of its indebtedness under the Existing Credit Agreement. In order to assist it to accomplish these objectives, the Company will issue and sell \$27,000,000 of its 11.50% secured promissory notes due December 31, 1994 to The Prudential Insurance Company of America (the "Insurance Company Notes"), together with warrants to purchase 275,000 shares of Class B Common Stock of the Company (the "Insurance Company Warrants"). The Company will also issue a

subordinated promissory note to Allied Chemical (the "Allied Chemical Note") which will be secured by a second mortgage lien and second priority security interest on substantially all of the assets of the Company and its Subsidiaries. The Company will obtain from the Bank the financing facilities for which this Agreement provides. The Existing Credit Agreement will be terminated and the Existing Collateral Security will be released. Simultaneously with such release, the Mortgage (as hereinafter defined) and the Second Mortgage (as hereinafter defined) will be placed on certain assets of the Company and its Subsidiaries.

#### SECTION 1. DEFINED TERMS.

1.1 Certain Definitions. As used in this Agreement the following terms shall have the following meanings unless the context shall otherwise require.

"Agreement" shall mean this Agreement, as the same may from time to time be amended or supplemented.

"Bank Term Note" shall be the collective reference to the promissory notes of the Company described in subsection 2.1 of this Agreement, as the same may from time to time be amended or supplemented.

"business day" shall mean a day other than a Saturday, Sunday or legal holiday under the laws of the State of New York.

"Default" shall mean any of the events specified in Section 6 of this Agreement, whether or not any requirement for notice, or the lapse of time, or both shall have occurred.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may from time to time be amended or supplemented.

"Events of Default" shall mean any of the events specified in Section 6 of this Agreement, provided

that there has been satisfied any requirement for notice, lapse of time or both.

"IDA" shall mean the Onondaga County Industrial Development Agency in the State of New York.

"IDA Bond" shall mean the industrial revenue bond to be issued by the IDA to the Bank in conformity with the commitment agreement, dated December 11, 1979 (the "IDA Bond Commitment"), a true copy of which is attached to this Agreement as Annex I.

"Insurance Company Agreement" shall mean the Note and Warrant Agreement, dated as of December 11, 1979, between the Company and The Prudential Insurance Company of America pursuant to which the Insurance Company Notes and the Insurance Company Warrants shall be issued, as the same shall be amended from time to time.

"Interim IDA Note" shall mean the promissory notes of the Company described in subsection 2.2 of this Agreement, as the same may from time to time be amended or supplemented.

"Interim Salt Note" shall mean the promissory note of the Company described in subsection 2.3 of this Agreement, as the same may from time to time be amended or supplemented.

"International Salt" shall mean International Salt Company, a New Jersey corporation.

"LCP-Georgia" shall mean LCP Chemicals-Georgia, Inc., a Delaware corporation and a Subsidiary of the Company.

"LCP-New Jersey" shall mean LCP Chemicals-New Jersey, Inc., a Delaware corporation and a Subsidiary of the Company.

"LCP-New York" shall mean LCP Chemicals-New York, Inc., a Delaware corporation and a Subsidiary of the Company.

"LCP-North Carolina" shall mean LCP Chemicals-North Carolina, Inc., a Delaware corporation and a Subsidiary of the Company.

"LCP Plastics" shall mean LCP Plastics, Inc., a Delaware corporation and a Subsidiary of the Company.

"LCP Transportation" shall mean LCP Transportation, Inc., a Delaware corporation and a Subsidiary of the Company.

"MHT Rate" shall mean the commercial lending rate of the Bank from time to time in effect on unsecured loans for 90 days to its most responsible and substantial corporate borrowers.

"MHT Warrant" shall mean the Common Stock Purchase Warrant, dated August 24, 1972, as amended on November 15, 1976 and on November 30, 1978 and as the same shall be further amended by the Amendment thereto, substantially in the form of Exhibit D to this Agreement (the "MHT Warrant Amendment") issued by the Company to the Bank for the purchase of 150,000 shares of authorized but unissued shares of Common Stock of the Company.

"Mortgage" shall mean the First Mortgage, Deed of Trust and Security Agreement, substantially in the form of Exhibit E to this Agreement, as the same may from time to time be amended or supplemented.

"Mortgagors" shall have the meaning ascribed to it in the Mortgage.

"Notes" shall be the collective reference to the Bank Term Notes, the Interim IDA Note and the Interim Salt Note.

"Participating Banks" shall mean Midlantic National Bank, Summit and Elizabeth Trust Company and Cummings Bank Company.

"Person" shall mean and include an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization and a government or any department or agency thereof.

"Plastic Industries" shall mean Plastic Industries Inc., a Florida corporation and a Subsidiary of the Company.

"Salt Agreement" shall be the collective reference to (i) the Salt Supply Agreement between International Salt and the Company providing for deliveries of salt to the Linden and Acme plant facilities of the Company and its Subsidiaries and (ii) the Salt Supply Agreement between a subsidiary of the International Salt and the Company providing for deliveries of salt to the Brunswick plant facility of a Subsidiary of the Company, true copies of each of which are attached to this Agreement as Annex II.

"Salt Payment Deferrals" shall have the meaning ascribed to it in subsection 2.3 of this Agreement.

"Second Mortgage" shall mean the Second Mortgage, Deed of Trust and Security Agreement, substantially in the form of Exhibit F to this Agreement, as the same may from time to time be amended or supplemented.

"Subordinated Debt" shall mean and include (i) the Allied Chemical Note to be issued in accordance with the Acquisition Agreement, (ii) the International Salt Note to be issued in accordance with the Salt Agreement and (iii) the Interim Salt Note.

"Subsidiary" shall mean any corporation, all the shares of the capital stock of which are owned directly or indirectly through one or more intermediaries by the Company and/or one or more Subsidiaries.

1.2 Use of Defined Terms. All terms defined in this Agreement, shall have the defined meanings when used in any Note, and any certificate, report or other documents made or delivered pursuant to this Agreement, unless the context otherwise requires.

SECTION 2. AMOUNT AND TERMS OF THE SEVERAL  
LOAN FACILITIES

2.1 The Term Loan Commitments. (a) Subject to the terms and conditions of this Agreement, the Bank agrees (i) to make a term loan to the Company in the principal amount of up to \$12,000,000 minus the principal amount of the loan to be made pursuant to the Interim IDA Commitment on any business day on or before January 30, 1980 (the "Term Loan Commitments") and (ii) to make a term loan to the Company on the earlier of (A) the date on which the IDA Bond is sold to the Bank or (B) on March 15, 1980 in a principal amount equal to the amount, if any, by which the unpaid principal amount of the Interim IDA Note exceeds the principal amount, if any, of the IDA Bond (the "Supplemental Term Loan Commitment").

In addition, in the circumstances described in subsection 2.3 (c) below, the Bank, subject to the terms and conditions of this Agreement, will make an additional term loan to the Company in the principal amount of up to \$2,500,000, the amount of which shall be determined as provided in such subsection (the "Alternative Salt Loan Commitment").

(b) Each term loan made pursuant to subparagraph 2.1(a) above shall be evidenced by a promissory note of the Company substantially in the form attached hereto as Exhibit A (a "Bank Term Note"). Each Bank Term Note shall (i) be dated the date the term loan evidenced thereby is made, (ii) be stated to mature in sixty-one consecutive monthly installments (as nearly equal as may be practicable), payable on the last day of each calendar month in each year, commencing December 31, 1980, the sixty-first of which shall be payable on December 31, 1985, and (iii) bear interest from the date thereof on the unpaid principal amount thereof until such principal amount shall be paid in full at a fluctuating rate per annum equal to  $1\frac{1}{2}\%$  above the MHT Rate in effect from time to time, provided that whenever any unpaid principal amount of any Bank Term Note shall become due and payable (whether at the stated maturity, by acceleration or otherwise), interest thereon shall thereafter be payable at a rate per annum equal to  $3\frac{1}{2}\%$  above the fluctuating MHT Rate in effect from time to time until such amount is

paid in full. Interest on each Bank Term Note shall be payable on the last day of each calendar month, commencing on the first of such days to occur after the date thereof, and upon payment in full of the principal amount thereof.

2.2 Interim IDA Loan Commitment. (a) Since the Company will not be able to bring about the sale of the IDA Bond to the Bank in conformity with the terms of the IDA Bond Commitment prior to or simultaneously with the consummation of the purchase of the Allied Chemical Assets, the Bank, subject to the terms and conditions of this Agreement, and on the same date on which it makes the initial term loan pursuant to clause 2.1 (a)(i) above will make a temporary loan to the Company in a principal amount not to exceed \$7,500,000, which is the amount of the IDA Bond Commitment (the "Interim IDA Loan").

(b) The Interim IDA Loan shall be evidenced by a promissory note of the Company substantially in the form attached hereto as Exhibit B (the "Interim IDA Note"). The Interim IDA Note shall (i) be dated the date the Interim IDA Loan is made, (ii) be stated to mature on March 15, 1980, provided the Interim IDA Note shall be subject to mandatory prepayment in full on the date on which the loan or loans to be made by the Bank in accordance with the IDA Bond Commitment and/or the Supplemental Term Loan Commitment are made and (iii) bear interest from the date thereof on the unpaid principal amount thereof until such principal amount shall be paid in full at a fluctuating rate per annum equal to 1 1/2% above the MHT Rate in effect from time to time, provided that whenever any unpaid principal amount of the Interim IDA Note shall become due and payable (whether at the stated maturity, by acceleration or otherwise), interest thereon shall thereafter be payable at a rate per annum equal to 3 1/2% above the fluctuating MHT Rate in effect from time to time until such amount is paid in full. Interest on the Interim IDA Note shall be payable on the last day of each calendar month in each year, commencing on the first of such days to occur after the date thereof, and upon payment in full of the principal amount thereof.

2.3 The Interim Salt Loan Commitment. (a) Subject to the terms and conditions of this Agreement, the Bank agrees to make an interim loan to the Company

in the principal amount of up to \$2,500,000 on or before January 30, 1980 (the "Interim Salt Loan Commitment").

The Interim Salt Note shall be subject and subordinate in right of payment to the Bank Term Notes, the Interim IDA Note, the IDA Bond, the Insurance Company Notes and other indebtedness owing to commercial banks to the extent provided therein, except that, notwithstanding the subordinated nature thereof and so long as no Event of Default shall exist on or with respect to Senior Debt (as defined in the Interim Salt Note), the Interim Salt Note shall be repaid by the Company out of the "Salt Payment Deferrals".

As used herein, the term "Salt Payment Deferrals" shall mean the right granted to the Company by International Salt under the Salt Agreement, in lieu of making payment for salt deliveries under said Agreement in the ordinary course of business (which is to say within 30 days of the presentation of invoices), to convert such payment obligation, as and when received by the Company or any Subsidiary, to a supplier advance which shall be evidenced by the International Salt Note. The Company agrees that cash in an amount equal to each payment obligation to International Salt that shall be deferred as aforesaid shall be used to pay or prepay the Interim Salt Note on the date which shall be 30 days from the invoice date of the shipment creating such payment obligation (in whole or in part, as the case may be).

Nothing contained in this Agreement with respect to the Salt Payment Deferrals as a source of repayment shall be construed to limit the nature of the Interim Salt Note as a full recourse obligation of the Company.

(b) The interim salt loan shall be evidenced by a promissory note of the Company substantially in the form attached hereto as Exhibit C (the "Interim Salt Note"). The Interim Salt Note shall (i) be dated the date the interim salt loan is made, (ii) be stated to mature on the date which shall be 18 months therefrom (iii) bear interest from the date thereof on the unpaid principal amount thereof until such principal amount shall be paid in full at a fluctuating rate per annum equal to 2% over the MHT Rate from time to time in effect, pro-

vided that whenever any unpaid principal amount of the Interim Salt Note shall become due and payable (whether at the stated maturity, by acceleration or otherwise) interest thereafter shall be payable at a fluctuating rate per annum equal to 4% above the MHT Rate from time to time in effect. Interest on the Interim Salt Note shall be payable on the last day of each calendar month commencing on the first of such days to occur after the date thereof, and upon payment in full of the principal amount thereof.

(c) The Company hereby covenants and agrees that in the event that the Company's right to "Salt Payment Deferrals" shall be terminated at any time in accordance with Paragraph 8.E of the Salt Agreement to which International Salt is a party, then no later than 90 days after the occurrence of such termination, the Company shall make a mandatory prepayment in full on account of the then outstanding principal of and interest on the Interim Salt Note. In the event that the Company shall, in the opinion of the Bank, be unable to repay the Interim Salt Note as and when the same shall become subject to mandatory prepayment in accordance with the preceding sentence notwithstanding that it shall have used its best efforts to do so, then the Bank will refinance the Interim Salt Note by issuing, in exchange therefor, a Bank Term Note in a principal amount equal to the then unpaid principal balance of the Interim Salt Note. Such Bank Term Note shall conform, in all respects, with the form of promissory note described in subsection 2.1(b) above and shall be secured by the Mortgage and be entitled to all of the benefits of the collateral security afforded to holders of Bank Term Notes thereunder.

**2.4 Notice of Borrowing.** The Company shall give the Bank at least three (3) business days' written or telegraphic notice (effective upon receipt) of its intention to borrow pursuant to any Commitment on the date specified in such notice. Such notice shall also specify the amount of the borrowing to be obtained pursuant to each Commitment. Not later than 11 o'clock A.M., New York City time, on the date specified in any such notice, the Bank shall make available to the Company at its office located at 350 Park Avenue, New York, New York, the amount of the funds then to be loaned to the Company in immediately available funds.

2.5 Voluntary Prepayments. The Company may at its option at any time or from time to time prepay any of the Notes executed by it, in whole or in part, without premium or penalty, upon at least three (3) business days' prior written or telegraphic notice to the Bank (effective upon receipt) specifying the Note to be prepaid on the date and the amount of such prepayment and upon the payment of accrued interest on the amount of principal prepaid; provided, that partial prepayments of each Note pursuant to this subsection shall be in the amount of \$100,000 or any multiple thereof and partial prepayments of the Bank Term Notes shall be applied on account of the installments of principal of the Bank Term Notes in the inverse order of the stated maturities thereof. All voluntary prepayments made pursuant to this subsection 2.5 shall be first applied on account of the Interim Salt Note until said Note shall be paid in full. Amounts prepaid on account of the Notes may not be reborrowed.

2.6 Payment of Principal and Interest; Computation. All payments (including prepayments) by the Company of the principal of and interest on the Notes shall be made at the office of the Bank located at 350 Park Avenue, New York, New York, in lawful money of the United States of America and in immediately available funds. Interest on the Notes shall be calculated on the basis of actual days elapsed and a year of 360 days. Any change in the interest rate on the Notes resulting from a change in the MHT Rate shall become effective at the opening of business on the day on which such change in the MHT Rate occurs, and the Bank will notify the Company in writing of the effective date and the amount of each such change.

2.7 Use of Proceeds. The Company agrees that the loans obtained by it pursuant to this Agreement shall be used to (a) repay in full, the principal of and accrued interest on all of the outstanding obligations and liabilities of the Company and its subsidiary under the Existing Credit Agreement (and effect the release of the collateral security therefor), (b) to finance or refinance a portion of the cost of the acquisition of the Allied Chemical Assets by the Company and its Subsidiaries pursuant to the Acquisition Agreement and (c) for working capital purposes in the ordinary course of business.

### SECTION 3. REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to enter into this Agreement and to make the Loans, the Company and each Subsidiary which is a party to this Agreement jointly and severally represent and warrant to the Bank that:

3.1 Corporate Structure and Power. The Company and each Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. On the date hereof, the Company has no Subsidiaries except those which are parties to this Agreement and LCP Enterprises, Inc., a New Jersey corporation, which is inactive. The Company and each Subsidiary has the corporate power to own and operate its properties and to carry on the business in which it is now engaged and will be engaged after consummation of the transactions contemplated by the Acquisition Agreement and this Agreement. The Company and each Subsidiary is duly qualified as a foreign corporation and is in good standing in each jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification.

3.2 Corporate Authority. The Company has full power, authority and legal right to execute, deliver and perform the Acquisition Agreement and the Insurance Company Agreement, and the Company and each Subsidiary which is a party to this Agreement has full power, authority and legal right to execute, deliver and perform this Agreement. The Company and each Subsidiary (as to any of the agreements or transactions hereinafter stated to which it is a party) has full power, authority and legal right (i) to execute and deliver this Agreement, the Notes, the Mortgage, the Second Mortgage, the Warrant Amendment and the IDA Bond Commitment, (ii) to borrow under this Agreement and under or pursuant to the Insurance Company Agreement, the Salt Agreement and the IDA Bond Commitment, (iii) to grant to the Bank the valid first lien and security interest prescribed in the Mortgage and the valid second lien and security interest prescribed in the Second Mortgage to the extent, in each instance, of the Bank's interest therein and (iv) to perform and observe the terms and provisions of this Agreement, the Notes, the Mortgage, the Second Mortgage, the Warrant, as amended by the

Warrant Amendment, the Salt Agreement, the IDA Bond Commitment, the Insurance Company Agreement and the Acquisition Agreement. The execution, delivery and performance by the Company and each Subsidiary (as to any of the agreements or transactions hereinafter stated to which it is a party) of this Agreement, the Notes, the Warrant Amendment, the Mortgage, the Second Mortgage, the Salt Agreement, the IDA Bond Commitment, the Insurance Company Agreement and the Acquisition Agreement and the performance by the Company and each such Subsidiary of all said agreements and the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Company and of such Subsidiary.

3.3 Required Consents. No consent of any other party (including stockholders of the Company) and no consent, license, approval or authorization of, or registration or declaration with, any governmental body, authority, bureau or agency is required in connection with the execution, delivery and performance by the Company and each Subsidiary (which is a party to this Agreement) of this Agreement, the Notes, the Warrant Amendment, the Mortgage, the Second Mortgage, the Salt Agreement, the IDA Bond Commitment, the Insurance Company Agreement and the Acquisition Agreement except, in the case of any leasehold covered by the Mortgage or the Second Mortgage, the consent of the lessor thereof and except that to perfect the liens and security interests created by the Mortgage, and the Second Mortgage, such Mortgages and/or UCC Financing Statements will have to be filed and/or recorded in certain offices.

3.4 No Legal Bar. Neither the Company nor any Subsidiary is in violation of any term of its certificate of incorporation or by-laws, or of any term of any agreement, indenture, lease, assignment or other instrument to which it is a party or which purports to be binding upon it or upon any of its properties or assets, or of any term of any judgment, decree, order, statute, rule or governmental regulation applicable to it; the execution, delivery and performance of, and compliance with, the Acquisition Agreement, this Agreement, the Notes, the Warrant Amendment, the Warrant as amended by the Warrant Amendment, the Mortgage, the Second Mortgage, the Salt Agreement, the IDA Bond Commitment, the Insurance

Company Agreement and the Acquisition Agreement; the acquisition of the Allied Chemical Assets by the Company and its Subsidiaries will not result in any violation of or be in conflict with or constitute a default under any such term, or result in the creation of any mortgage, lien, pledge, security interest, charge or other encumbrance upon any of the properties or assets of the Company or any Subsidiary pursuant to any such term (other than the liens and security interests created by the Mortgage and the Second Mortgage and Permitted Exceptions as defined in the Mortgage); and there is no such term which materially adversely affects or in the future may (so far as the Company or any Subsidiary can now foresee) materially adversely affect the business, operations, affairs, condition, properties or assets (including the Allied Chemical Assets, when acquired) of the Company or any Subsidiary.

3.5 Status of Litigation. There is no action, suit, investigation or proceeding (whether or not purportedly on behalf of the Company) pending or, to the knowledge of the Company, threatened (or any basis therefor known to the Company or any Subsidiary) against the Company or any Subsidiary or Allied Chemical (with respect to the Allied Chemical Assets) which questions the validity of the Acquisition Agreement, this Agreement, the Notes, the Warrant Amendment, the Warrant, as amended by the Warrant Amendment, the Mortgage, the Second Mortgage, the Salt Agreement or the IDA Bond Commitment or any action taken or to be taken pursuant hereto or thereto, or which might result, either in any case or in the aggregate, in any material adverse change in the business, operations, affairs, condition, properties or assets (including the Allied Chemical Assets) of the Company or any Subsidiary or in any material liability on the part of either the Company or any Subsidiary.

3.6 Financial Condition. (a) (i) The audited annual consolidated financial statements of the Company and its Subsidiaries as at and for the fiscal year ended September 30, 1978, consisting of a consolidated balance sheet and a related consolidated statement of earnings, stockholders' equity and changes in financial position, certified by Touche Ross & Co. and (ii) the unaudited consolidated quarterly financial statements of the Company

and its Subsidiaries for the quarterly period ended on June 30, 1979, consisting of a consolidated balance sheet and a related consolidated statement of earnings and retained earnings as at such date and for the nine month period then ended, certified by the chief financial officer of the Company, copies of each of which have been delivered to the Bank, are true, complete and correct and present fairly the consolidated financial position of the Company and its subsidiaries as at each such date and the results of operations for each period ended on the respective dates, and have been prepared in accordance with generally accepted accounting principles consistently applied. There are no known contingent liabilities, material long-term commitments (except for the Salt Agreement) or liabilities for taxes of the Company or of any Subsidiary outstanding at June 30, 1979, which are not reflected in said consolidated balance sheets or the related notes. There has been no material adverse change in the financial condition, business or operations of the Company since June 30, 1979.

(b) The pro forma consolidated and consolidating financial statements of the Company and its Subsidiaries prepared so as to give effect to the transactions contemplated by the Acquisition Agreement, the Insurance Company Agreement and this Agreement and heretofore delivered to the Bank have been prepared in accordance with generally accepted accounting principles, have been certified to that effect by the chief financial officer of the Company and to the best of his knowledge, such financial statements are substantially true and correct (including, without limitation, the values ascribed therein to the Allied Chemical Assets).

3.7 Taxes. The Company and each Subsidiary has filed all tax returns and reports required by law to be filed, and has paid all taxes, assessments, fees and other governmental charges levied upon it or upon any of its properties, assets, income or franchises which are due and payable, other than those presently payable without penalty or interest.

3.8 Title to Properties. (a) The Company has good and marketable title to all of the issued and outstanding shares of capital stock of each Subsidiary, in

each case free and clear of all liens, security interests or charges and all of such shares are duly issued, fully paid and non-assessable.

(b) The Company or each Subsidiary, as the case may be, has, or on the date on which the initial loans hereunder are made and after giving effect to the consummation of the acquisition under the Acquisition Agreement will have, good and marketable title to the real property and personal property owned by the Company or such Subsidiary (a fee simple title in the case of all real property constituting a part of such property which is not subject to a leasehold interest, and a leasehold estate in that portion of such property which constitutes a leasehold), free and clear of all mortgages, liens, pledges, security interests, charges and other encumbrances except as permitted to exist by paragraph 6C(1) of the Insurance Company Agreement, the terms of which are incorporated herein by reference at subsection 5.1 of this Agreement with the same force and effect as if set forth at length herein.

3.9 Patents, Trademarks, Etc. The Company and each Subsidiary owns or possesses all patents, trademarks, service marks, trade names, copyrights and licenses, or all rights with respect to the foregoing, necessary for the conduct of its business as now conducted and presently proposed to be conducted, without any known conflict or reason to know of any conflict with the rights of others.

3.10 Ownership of Stock. Neither the Company nor any Subsidiary owns any share of the capital stock of, or other equity or ownership interest in, any other corporation, firm, partnership or other entity, except that the Company owns all of the shares of the issued and outstanding capital stock of the Subsidiaries and of LCP Enterprises, Inc.

3.11 ERISA Obligations. Neither the Company nor any Subsidiary has, or after giving effect to the transactions contemplated by the Acquisition Agreement (including, without limitation, the assumption of contractual obligations under collective bargaining agreements) will have, any unfunded vested pension liability.

3.12 Representations Contained in the Acquisition Agreement. The representations and warranties of Allied Chemical set forth in Sections 3.02 to 3.08, inclusive, of the Acquisition Agreement are true and correct in all material respects. The liens, claims and encumbrances disclosed in Exhibits A and B to the Acquisition Agreement are not substantial in amount, do not materially impair the operation of the Allied Chemical Assets and have not arisen otherwise than in the ordinary course of business.

3.13 Compliance with Statutes and Regulations. The Company and each of its Subsidiaries are (and after the consummation of the transactions contemplated by the Acquisition Agreement will be) to the best of the knowledge and belief of the Company, in compliance with all applicable statutes, regulations, orders and restrictions of the United States of America, foreign countries, states and municipalities, and agencies and instrumentalities of the foregoing (including, without limitation, applicable statutes, regulations, orders and restrictions relating to equal employment opportunities, occupational health and safety, interstate commerce and environmental standards or controls), in respect of the conduct of their respective businesses and ownership of their respective properties (including, without limitation, the ownership of the Allied Chemical Assets).

3.14 Employee Benefits. No rights to severance pay or other benefits for which the Company or any Subsidiary would be responsible will accrue to any Person currently employed in connection with the Allied Chemical Assets as a result of the execution and delivery of the Acquisition Agreement or in connection with the transactions contemplated thereby.

3.15 Adequate Disclosure. Neither this Agreement nor any other document, certificate or instrument delivered to you by or on behalf of the Company in connection with the transactions contemplated hereby, in each case as of its date, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact known to the Company which materially adversely affects or in the

future may materially adversely affect the business or financial condition of the Company or any Subsidiary or any of its or their respective properties or assets (including the Allied Chemical Assets), which has not been set forth in this Agreement or in the other documents, certificates, and instruments delivered to you by or on behalf of the Company specifically for use in connection with the transactions contemplated hereby.

#### SECTION 4. CONDITIONS PRECEDENT TO LOANS

4.1 Conditions to the Initial Loans. The Bank shall not be required to make the initial loans requested by the Company hereunder unless:

(a) Acquisition of Allied Chemical Assets. The Company shall have delivered to the Bank a true copy of the Acquisition Agreement (including all Schedules annexed thereto), certified to be such on the date of such loans by the Secretary of the Company. The acquisition of the Allied Chemical Assets in accordance with the terms thereof shall, simultaneously with the making of such loans, be completed to the reasonable satisfaction of the Bank.

(b) Creation of Other Indebtedness. (i) The Company shall have delivered to the Bank a true copy of the Insurance Company Agreement, certified to be such on the date of the Loans by the Secretary of the Company, and pursuant to the terms of the Insurance Company Agreement, and simultaneously with the making of the loans hereunder, the Company shall have issued the Insurance Company Notes and the Insurance Company Warrants for cash in the principal amount of \$27,000,000; (ii) the Company shall have issued the Allied Chemical Note to Allied Chemical pursuant to the Acquisition Agreement; and (iii) the Company shall have delivered to the Bank a true copy of the Salt Agreement, certified to be such on the date of the loans by the Secretary of the Company.

(c) Termination of Existing Credit Agreement. The Company shall have paid, or caused the payment, in full of all of the obligations and liabilities of

the Company and its Subsidiaries under the Existing Credit Agreement and the collateral security interests created in connection with said Existing Credit Agreement shall be released. In addition (i) promissory notes of Plastic Industries, Inc., a subsidiary, in the original principal amounts of \$350,000 and \$400,000, shall have been paid in full and the liens or security interests created with respect thereto shall also be released and (ii) a promissory note of the Company to Jacobs Engineering Group in the principal amount of \$516,110 shall have been paid in full.

(d) The Warrant Amendment. The Warrant Amendment shall have been executed by the Company and delivered to the Bank.

(e) The Mortgage. The Mortgage shall have been executed by the Company and its Subsidiaries and delivered to the Bank; and the Mortgage shall have been filed, registered and/or recorded in all public offices necessary to perfect the first lien on the property and assets created thereby. Uniform Commercial Code financing statements shall have been filed in all public offices necessary to perfect the first priority security interests in the personal property created by the Mortgage.

(f) The Second Mortgage. The Second Mortgage shall have been executed by the Company and its Subsidiaries and delivered to the Bank, and the Second Mortgage shall have been filed, registered and/or recorded in all public offices necessary to perfect the second lien on the property and assets covered thereby. Uniform Commercial Code financing statements shall have been filed in all public offices necessary to perfect the second priority security interests in the personal property created by the Second Mortgage.

(g) Title Insurance. There shall have been delivered to the Trustee under the Mortgage title insurance policies (or binders therefor) covering the

real property interests subject to the Mortgage and the Second Mortgage and insuring that the lien created by the Mortgage and the Second Mortgage is prior to all other liens thereon except for Permitted Exceptions (as defined in the Mortgage) and, in the case of the Second Mortgage, the Mortgage.

(h) Borrowing Certificate. The Bank shall have received a Borrowing Certificate, dated the date of such Loans, substantially in the form of Exhibit G to this Agreement, which shall have been duly executed by the President or a Vice President of the Company.

(i) Income Tax Letter. The Bank shall have received a copy of the income tax letter described in paragraph 3M of the Insurance Company Agreement.

(j) Legal Opinion. The Bank shall have received an opinion of Messrs. Shanley & Fisher, counsel for the Company and its Subsidiaries, dated the date of the Loans and satisfactory in form and substance to the Bank and its counsel, to the same effect as paragraphs 3.1, 3.2, 3.3, 3.4 (first three clauses) 3.5 and 3.8 of Section 3 hereof, and to the further effect that (i) this Agreement, the Notes, the Warrant Amendment, the Mortgage, the Second Mortgage, and the Acquisition Agreement have each been duly authorized executed and delivered by the Company and each Subsidiary which is a party to any such document, and each such document and the Warrant, as amended by the Warrant Amendment, constitute legal, valid and binding obligations of the Company and each Subsidiary which is a party to any such document enforceable in accordance with their respective terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally), (ii) the Company and each Subsidiary (after giving effect to the acquisition of the Allied Chemical Assets) have good and marketable title to the real property and personal property owned by each of them free and clear of all mortgages, liens, pledges, security interests, charges and other encumbrances other than the Mortgage and

the Second Mortgage and Permitted Exceptions, (iii) the Mortgage creates a valid first lien on the respective real property and personal property to which it is applicable subject to no other liens, pledges, charges or encumbrances except the Second Mortgage and Permitted Exceptions (as defined in the Mortgage), (iv) the Second Mortgage creates a valid second lien on the real and personal property interest to which it is applicable subject to no other liens, pledges, charges or encumbrances except the Mortgage and the Permitted Exceptions, (v) the Company is the record and beneficial owner of all of the shares of the issued and outstanding capital stock of each Subsidiary, (vi) all of the filings, registrations and recordations required to be made in order to perfect the lien and security interests of the Mortgage and the Second Mortgage have been effected (and a description thereof is to be set forth in the opinion or in an Annex thereto), (vii) the Allied Chemical Note, the Interim Salt Note and the International Salt Note are subject and subordinate in right of payment to the Bank Term Notes, the Interim IDA Note and the Insurance Company Note in accordance with the subordination provisions thereof, and such subordination provisions are enforceable in accordance with their terms. In rendering the opinion set forth in the clauses above, insofar as the same relates to the laws of any State other than the State of New Jersey, such counsel shall be entitled to rely on the opinion of local counsel in any such jurisdiction, provided that such local counsel is satisfactory to the Bank, a copy of their opinion is attached to the opinion of Messrs. Shanley & Fisher and Messrs. Shanley & Fisher express the view that in their opinion the Bank is justified in relying on such opinion(s) of such local counsel.

Such opinion shall also cover such other matters incident to the transactions contemplated by this Agreement, the Notes, the Warrant Amendment, the Mortgage, the Second Mortgage and the Acquisition Agreement as the Bank or its counsel may reasonably request.

(k) Corporate Proceedings. All corporate and other proceedings to be taken in connection with

the transactions contemplated by the Acquisition Agreement, this Agreement, the Notes, the Security Agreements, the Warrant Amendment, the Mortgage, the Second Mortgage, the Insurance Company Agreement and the International Salt Agreement and all documents incident thereto shall be satisfactory in form and substance to the Bank and its counsel, and the Bank and its counsel shall have received all such counterpart originals or certified or other copies of such documents as the Bank or its counsel may reasonably request.

(1) The Notes. The initial Bank Term Note, (ii) the Interim IDA Note and (iii) the Interim Salt Note shall have been executed by the Company and delivered to the Bank.

(m) Legal Matters. All legal matters incident to the transactions contemplated by this Agreement shall be satisfactory to Messrs. Simpson Thacher & Bartlett, counsel to the Bank.

4.2 Conditions to any Subsequent Loan. The Bank shall not be required to make any loan requested by the Company hereunder subsequent to the initial loan hereunder unless:

(a) Borrowing Certificate. The Bank shall have received the Borrowing Certificate substantially in the form of Exhibit G to this Agreement, dated the date of such loan, which shall be executed by the President or Vice President of the Company on the date of such loan.

(b) Supplement to Mortgage. If the Bank shall so request, the Company shall execute, and cause each of the Subsidiaries who executed the Mortgage to execute a Supplement to the Mortgage confirming the lien of the Mortgage with respect to the loan then being made pursuant to this subsection 4.2. Such Supplement to the Mortgage shall be in a form satisfactory as to matters of form and substance to the Bank, the Trustee under the Mortgage and the other beneficiaries thereof.

(c) Legal Opinion. The Bank shall have received a legal opinion of Messrs. Shanley & Fisher, counsel to the Company and its Subsidiaries, dated the date of such Loan and satisfactory in form and substance to the Bank and its counsel, confirming the opinions expressed in the legal opinion referred to at subparagraph 4.1(j) above and also expressing such opinions, where appropriate, with respect to the loan and the related documents then being made pursuant to subsection 4.2.

(d) The Note. A Note evidencing such Loan shall have been executed by the Company and delivered to the Bank.

(e) Legal Matters. All legal matters incident to the transaction contemplated by this Agreement shall be satisfactory to Messr. Simpson Thacher & Bartlett, counsel to the Bank.

## SECTION 5. COVENANTS

The Company hereby covenants and agrees so long as any of the Notes remain outstanding and unpaid or so long as the Commitments are not terminated that:

5.1 Covenants Contained in the Insurance Company Agreement. The Company will and will cause each Subsidiary to, duly perform and fulfill for the benefit of the Bank each and every covenant contained in Sections 5 and 6 of the Insurance Company Agreement. The provisions of said Sections of the Insurance Company Agreement and all terms defined in the Insurance Company Agreement appearing in said Sections (including, without limitation, the defined terms set forth in Section 10 thereof), except as modified below, shall by this reference be deemed incorporated in this Agreement as if the provisions were originally contracted between the Company and the Bank and set forth in full in this subsection 5.1. Unless otherwise agreed to by the Bank and the Company, all of such provisions as in effect on the date of this Agreement and as incorporated herein by reference on the date of this Agreement shall remain in full force and effect regardless of whether the Insurance Company Notes

are paid, discharged, cancelled or terminated and irrespective of any waiver, modification or other change made with respect to such sections by the holders of the Insurance Company Notes. For purposes of this subsection 5.1: the references to "Agreement" in the Insurance Company Agreement shall be deemed to be to this Agreement and the terms "Note", "Notes", "Warrants", "holders of the Notes", "holders of the outstanding Notes" and "you" used in said Sections of the Insurance Company Agreement shall include, respectively, the Notes issued under this Agreement, the MHT Warrant and the Bank as a holder thereof.

5.2 Limitations on Prepayments. The Company will not make any optional or voluntary payment, prepayment, redemption or repurchase of any obligation for borrowed money without the prior written consent of the Bank except that the Company may make voluntary prepayments on account of the Insurance Company Notes so long as simultaneously with any such prepayment, the Company shall make a pro rata prepayment on account of the aggregate principal amount of the Notes secured by the First Mortgage.

5.3 Covenant to Secure Notes Equally. The Company covenants that if it or any Subsidiary shall, create, incur, assume or suffer to exist any lien upon any of its properties or assets, whether now owned or hereafter acquired, other than liens excepted by the provisions of paragraph 6C(1) of the Insurance Company Agreement (as incorporated in subsection 5.1 of this Agreement by reference), it will make or cause to be made effective provision whereby the lien of the Mortgage will extend to such property or assets and constitute a valid, direct first mortgage lien or first perfected security interest thereon or therein to which such other lien shall be subordinate and such other lien shall be subordinate to the lien of the Second Mortgage as well.

5.4 Agreement With Respect to Mandatory Prepayments on Account of the Interim Salt Note. The Company hereby covenants and agrees that so long as any amount remains unpaid on account of the Interim Salt Note:

(a) It will purchase all of the requirements for salt generated by it and by its Subsidiaries at its Linden and Acme facilities from International

Salt up to the quantities which International Salt has agreed to deliver under the Salt Agreement and it will purchase its requirements for salt at its Brunswick facility from International Salt in accordance with the Salt Agreement.

(b) It will make maximum use of the right to create Salt Payment Deferrals, granted to the Company pursuant to Section 8 of the Salt Agreement.

(c) It will obtain from International Salt a letter, in a form satisfactory to the Bank, pursuant to which International Salt acknowledges that in lieu of payment for salt purchases the Company shall dedicate such payments to repayment of the Interim Salt Note.

(d) It will deliver to the Bank promptly after the end of each month a copy of each invoice for salt deliveries received by the Company or any of its Subsidiaries from International Salt during such month, together with a reconciliation of the amount of such invoices applied as a prepayment on account of the Interim Salt Note.

5.5 Limitation on Changes in Certain Documents.  
Without the prior written consent of the Bank, the Company will not amend, supplement or modify any provision of the Salt Agreement, the Allied Chemical Note or the Insurance Company Agreement which directly or indirectly affects the terms of payment of any obligation under any such Agreement or Note.

## SECTION 6. EVENTS OF DEFAULT

If any of the following events (herein called "Events of Default") shall occur and shall not have been remedied:

(a) Failure to pay any principal of any of the Notes when due, or failure to pay any interest on any of the Notes within ten days after such interest becomes due;

(b) Any representation or warranty made by the Company or any Subsidiary in this Agreement, the Mortgage, the Second Mortgage or in any certificate, financial or other statement furnished by either Borrower pursuant hereto or thereto, is untrue in any material respect at the time when made;

(c) Default by the Company in the performance or observance of any covenant contained in Section 6 of the Insurance Company Agreement as incorporated in subsection 5.1 of this Agreement by reference with the same force as if set forth at length;

(d) Default by the Company in the observance or performance of any other covenant or agreement contained in this Agreement or the Warrant (including, without limitation, Section 5 of the Insurance Company Agreement, as incorporated in subsection 5.1 of this Agreement by reference with the same force and effect as if set forth at length) and the continuance of the same unremedied for a period of 30 days after notice thereof shall have been given to the Company by the Bank;

(e) An "Event of Default" as defined in the Insurance Company Agreement, the Mortgage, the Second Mortgage, the Allied Chemical Note, the International Salt Note or the IDA Bond shall occur;

(f) The Company or any Subsidiary, shall (i) default in the payment of principal of or interest on any obligation for borrowed money or for the deferred purchase price of property (other than the Notes or any obligation described in subparagraph (e) above) beyond the period of grace, if any, provided with respect thereto, or (ii) default in the performance or observance of any other term, condition or agreement contained in any such obligation or in any agreement relating thereto if the effect of such default is to cause, or permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, such obligation to become due prior to its stated maturity;

(g) Filing by the Company or any Subsidiary of a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under the Bankruptcy Act, as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, or any action by the Company or any Subsidiary indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; the application by the Company or any Subsidiary for or the appointment by consent or acquiescence of a receiver or trustee of the Company or any Subsidiary or for all or a substantial part of its property; the making by the Company or any Subsidiary of an assignment for the benefit of creditors; the inability of the Company or any Subsidiary, or the admission by the Company or any Subsidiary in writing of its inability, to pay its debts as they mature;

(h) Filing of an involuntary petition against the Company or any Subsidiary in bankruptcy or seeking reorganization, arrangement, readjustment of its debts or for any other relief under the Bankruptcy Act, as amended, or under any other insolvency act or law, state or federal, now or hereafter existing, or the involuntary appointment of a receiver or trustee of the Company or any Subsidiary or for all or a substantial part of its property; or the issuance of a warrant of attachment, execution or similar process against any substantial part of the property of the Company or the property of any Subsidiary; and the continuance of any of such events for 30 days undismissed, unbonded or undischarged;

(i) All or any substantial part of the property of the Company or of any Subsidiary shall be condemned, seized or otherwise appropriated, or custody or control of such property shall be assumed by any governmental agency or any court of competent jurisdiction at the instance of any governmental agency, and shall be retained for a period of 30 days;

then, and in any such event, the Bank may (i) terminate forthwith the Commitments and/or (ii) by notice of default

given to the Company, declare the Notes to be forthwith due and payable, whereupon the Commitments shall be terminated immediately and/or the then outstanding principal amount of the Notes, together with accrued interest thereon, shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding.

#### SECTION 7. MISCELLANEOUS

7.1 No Waiver; Cumulative Remedies, Amendments. No failure or delay on the part of the Bank in exercising any right, power or privilege under this Agreement or under any Note or any Mortgage shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein and therein provided are cumulative and not exclusive of any rights or remedies provided by law.

This Agreement may not be amended, modified or changed, nor may any right or remedy of the Bank hereunder be waived except by a written agreement, executed by the Bank, the Company and the Subsidiaries which are parties to this Agreement.

7.2 Notices. All notices, requests and demands to or upon any party hereto shall be in writing and shall be delivered or mailed, first class postage prepaid, addressed to such party as follows or to such other address as may be hereafter designated in writing by such party to the other party hereto:

The Company: Linden Chemicals & Plastics, Inc.  
14 Commerce Drive  
Cranford, New Jersey 07016

Each Subsidiary: Same address as the Company

The Bank:                   Manufacturers Hanover Trust  
                                  Company  
                                  350 Park Avenue  
                                  New York, New York 10022

7.3 Payment of Expenses and Taxes. The Company agrees to pay all reasonable costs and expenses of the Bank in connection with the preparation, execution delivery and administration of this Agreement, the Notes, the Mortgage, and the Second Mortgage, including, without limitation, the reasonable fees and disbursements of Messrs. Simpson Thacher & Bartlett, counsel to the Bank and any special local counsel which the Bank deems it necessary or desirable to retain, and to pay all costs and expenses of the Bank in connection with the enforcement of this Agreement, the Notes, the Mortgage and the Second Mortgage, including legal fees and disbursements arising in connection therewith. The Company also agrees to pay all recording and filing fees, as well as all stamp and other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or the consummation of any of the transactions contemplated by, this Agreement, the Notes or the Mortgages, or any modification thereof, and the Company agrees to save the Bank harmless from any and all liability with respect to or resulting from any delay in paying such fees and taxes.

7.4 Survival of Representations and Warranties. All representations and warranties made in this Agreement and in any certificates delivered pursuant hereto shall survive the execution and delivery of this Agreement and the making of the loans hereunder, and the provisions of subsection 7.3 hereof shall survive payment of the Notes.

7.5 Set-off. The Company and each Subsidiary which is a party hereto acknowledges and agrees that all of the Participating Banks are participating in the loans by the Bank to the Company under this Agreement by purchasing ab initio undivided participating interests in the loans and that utilization of this form of participation has been adopted as a matter of convenience to the Company and they hereby agree that such Participating Banks shall be deemed parties to this Agreement for the purpose of

exercising rights of set-off against the Company; and that each Participating Bank shall have the same rights of set-off as it would have if it were a named party to this Agreement. The Company hereby waives all defenses to set off which might otherwise arise from the fact that the Participating Banks are not named parties to this Agreement.

7.6 Usury. Anything in this Agreement or in the Notes to the contrary notwithstanding, the obligation of the Company to pay interest on the Notes shall be subject to the limitation that, to the extent that receipt of any portion of an interest payment would be contrary to applicable provisions of law relating to usury and applying to corporate obligations, payment of such portion shall not be required.

7.7 Existing Agreement. On the date of the Loans hereunder, the Bank, against payment in full, will cancel the promissory notes outstanding under the Existing Credit Agreement and execute a release and/or satisfaction of the collateral security documents relating thereto. Thereupon the Existing Credit Agreement shall terminate and be of no further force and effect except to the extent of any indemnities made by the Company in respect of any state of facts occurring on or prior to the date of the initial loans hereunder, whether or not such state of facts was known to the Company or the Bank on the date of the initial loans hereunder. Until the date of the initial Loans hereunder the Existing Credit Agreement shall continue in full force and effect unmodified in any respect.

7.8 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Borrowers and the Bank and their respective successors and assigns, except that neither of the Borrowers may assign or transfer its rights hereunder without the prior written consent of the Bank. The Bank will give the Company prior written notice of any assignment by the Bank of its rights under this Agreement.

7.9 Construction. This Agreement and the Notes and rights and obligations of the parties hereunder

and thereunder shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

LINDEN CHEMICALS & PLASTICS,  
INC.

By \_\_\_\_\_  
Title:

LCP CHEMICALS-GEORGIA, INC.

By \_\_\_\_\_  
Title:

LCP CHEMICALS-NEW JERSEY, INC.

By \_\_\_\_\_  
Title:

LCP CHEMICALS-NEW YORK, INC.

By \_\_\_\_\_  
Title:

LCP CHEMICALS-NORTH CAROLINA, INC.

By \_\_\_\_\_  
Title:

LCP TRANSPORTATION, INC.

By \_\_\_\_\_  
Title:

PLASTICS INDUSTRIES, INC.

By \_\_\_\_\_  
Title:

MANUFACTURERS HANOVER TRUST  
COMPANY

By \_\_\_\_\_  
Title:

[Letterhead of MHT]

December 11, 1979

LINDEN CHEMICALS & PLASTICS, INC.  
14 Commerce Drive  
Crawford, New Jersey 07016

LCP CHEMICALS-NEW YORK, INC.  
14 Commerce Drive  
Crawford, New Jersey 07016

Onondaga County  
Industrial Development Authority  
805 County Office Building  
Syracuse, New York 13202

Re: 1979 Industrial Development Revenue  
Bond (LCP Chemicals-New York, Inc.  
Facility) in the Principal Amount  
of up to \$7,500,000 to be issued  
by the Onondaga County Industrial  
Development Authority

Dear Sirs:

Manufacturers Hanover Trust Company (the "Bank")  
is pleased to confirm that, subject to the terms and  
conditions hereof and to the completion of documentation  
satisfactory to the Bank and its counsel, it will loan to  
the Onondaga County Industrial Development Authority  
(the "Authority") the principal amount of up to \$7,500,000  
on or before March 15, 1980.

The Bank's loan shall be evidenced by the Authority's 1979 Industrial Development Bond (LCP Chemicals-New York Facility) (the "Bond"). The Agency shall use the proceeds of the Bond to finance a portion of the cost of the purchase from LCP Chemicals-New York, Inc., a subsidiary (the "Subsidiary") of Linden Chemicals & Plastics, Inc. (the "Company") of an industrial facility consisting of a plant for the manufacture of chlorine and caustic soda (the "Facility") and to pay costs incidental thereto. Immediately after such acquisition, the Authority will sell the Facility to the Subsidiary in exchange for a promissory note of the Subsidiary (the "Purchase Note"), which will have terms substantially identical to those of the Bond and the Purchase Note shall be pledged to the Bank as security for the Bond. Payment of both the Purchase Note and the Bond shall be guaranteed by the Company.

The Bond shall be a special obligation of the Agency payable solely from the payment by the Subsidiary of principal and interest on the Purchase Note. The schedule of payments of principal of and interest on the Purchase Note shall be sufficient to cover payments of

principal of and interest on the Bond as and when the same become due.

The Bond shall have the following terms:

- A. Interest Rate      8 3/4% per annum, provided if the prime commercial lending rate of the Bank on the date on which the Bond is issued shall be 16% per annum or greater, then the interest rate on the Bond shall be 9 1/4% per annum, and provided, further, that the Bank will be indemnified in the event of a Determination of Taxability or the imposition of a Preference Tax pursuant to provisions substantially to the effect set forth in Exhibit A hereto which have the effect, inter alia, of adjusting the interest rate on the Bond to a rate which shall be 1 1/2% per annum over the MHT Rate from time to time in effect.
- B. Repayment      ~~By~~ substantially equal monthly payments of principal over a term which will\* end on December 31, 1985.
- C. Prepayment      Permitted in whole or in part after 2 years in amounts of \$50,000 or any integral multiple thereof, partial prepayments to be applied to installments in inverse order of maturity.
- D. Security      As security for the payment of the Bond, the Authority shall pledge to the Bank the

*\*commence on the date one month after closing and will*

Purchase Note of the Subsidiary. In addition, the Company will guarantee payment and performance of the Purchase Note and also payment and performance by the Authority of its obligations under the Bond.

The Guarantee shall constitute a secured obligation of the Company under the First Mortgage, Deed of Trust and Security Agreement, made by the Company in favor of Irving Trust Company, D.W. May, as Trustees.

E. Parity Bonds

None allowed.

F. Events of Default

(i) failure to pay principal or interest on the Bond;

(ii) representations or warranties made by the Authority not true when made;

(iii) the occurrence of an event of default under the Purchase Note or the Guarantee of either the Purchase Note or the Bond which shall include:

(A) failure to pay principal or interest;

(B) representations and warranties not true when made;

(C) if the Company commits an event of default under the Bank Loan Agreement with the Bank, dated as of

December 10, 1979, or fails to pay any other indebtedness for borrowed money or for the deferred purchase price of property or breaches an agreement creating any such indebtedness;

(D) standard bankruptcy defaults for the Company (60 days' grace on involuntary bankruptcy).

In addition, the documentation shall contain provisions covering the following:

I. Representations and Warranties of the Company:

In addition to representations as to due incorporation and good standing; due authorization of and valid, binding and enforceable nature of the Loan Agreement and other documents to which the Company is a party; no violation of law or other agreements; and no material litigation, the Company shall represent and warrant that the financial statements of the Company as at and for the fiscal year ended September 30, 1979 are true, complete and correct and present fairly the financial condition of the Company as at such date and the results of its operations for such fiscal year and that since September 30,

1979, there has been no material adverse change in the financial condition, business or operations of the Company.

II. Covenants of the Company:

a. The Loan Agreement shall incorporate by reference the provisions contained in the Bank Loan Agreement to be dated on or about December 1979.

b. The Company shall pay the expenses of the Bank in connection with the transaction and the enforcement of the Bank's rights in connection therewith, including the reasonable fees and disbursements of counsel to the Bank.

The Bank shall receive (a) an unqualified opinion of recognized Bond Counsel as to the legality of the Bond and as to the tax exempt status of the interest payable thereon and as to the security for the payment of the Bond granted by the Authority and (b) an opinion of counsel to the Company as to such matters concerning the Company as the Bank may reasonably request. The documentation of this transaction shall be satisfactory in form and substance to the Bank and its counsel, Messrs. Simpson Thacher & Bartlett. The fees and disbursements of such counsel in connection with the transactions contemplated hereby shall be paid by the Company, irrespective of whether such transactions are consummated.

The Authority may rely on the commitment made herein in making necessary arrangements for the issuance of the Bond.

Very truly yours,

MANUFACTURERS HANOVER TRUST  
COMPANY

By \_\_\_\_\_  
Title:

Accepted:

COUNTY OF ONONDAGA

INDUSTRIAL DEVELOPMENT  
AUTHORITY

By \_\_\_\_\_  
Title:

Date:

LINDEN CHEMICALS & PLASTICS, INC.

By \_\_\_\_\_  
Title:

Date:

LCP CHEMICALS-NEW YORK, INC.

By \_\_\_\_\_  
Title:

Date:

[TAX INDEMNIFICATION - TAXABLE RATE]

SECTION \_\_. Tax Indemnification

\_\_\_.1 In the event that a Determination of Taxability (as defined in subsection \_\_.2 hereof) shall be made, on each date on which interest on the Bond is payable under the [Indenture] [Agreement] occurring after such Determination of Taxability, the Company shall, in lieu of paying interest on the Bond at the rate of \_\_\_\_\_% per annum, pay interest on the Bond at a fluctuating rate per annum equal to 1 1/2% above the MHTC Rate (the "Taxable Rate"). As used herein, the MHTC Rate shall mean the commercial loan rate of the Bank from time to time in effect in New York, New York on 90-day unsecured loans to its most responsible and substantial domestic corporate borrowers.

\_\_\_.2 A Determination of Taxability shall be deemed to have occurred on the date the Bank notifies the Company that:

(a) (i) an amendment to Section 103 (or any successor provision) of the Code has been promulgated, or any regulations or proposed regulations under the Code have been issued,

(ii) any ruling (including a private ruling) of the Internal Revenue Service (the "IRS") has been issued or revoked,

(iii) a proposed deficiency letter (30-day letter) has been issued to the Bank or any other action has been taken by the IRS, the Department of the Treasury or any other governmental agency,

(iv) any judicial opinion has been rendered, or

(v) any other event has occurred or other circumstances exist, and

(b) as a consequence of any of the circumstances set forth in clauses (a)(i) through (a)(v) of this subsection \_\_.2, counsel for the Bank shall have advised the Bank either that interest on the

Bond is currently includable in gross income for Federal income tax purposes or that such counsel cannot give its opinion, without materially qualifying the same, to the effect that interest on the Bond is currently excludable from gross income for Federal income tax purposes; provided, however, that if such opinion is based solely upon (or a necessary factor for the basis of such opinion is) the conclusion that the Bank is a substantial user of the Facilities within the meaning of Section 103(b)(7) (or any successor provision) of the Code or a "related person", as defined in Section 103(b)(6)(C) (or any successor provision) of the Code, no such Determination of Taxability shall be deemed to have occurred.

\_.3 If at any time (whether before or after payment, at maturity, or otherwise, of the Bond) it is determined that any interest payments paid or accrued to the Bank on the Bond prior to the date of any Determination of Taxability, are includable in the Bank's gross income for Federal income tax purposes, as evidenced either (a) by the IRS' issuance to the Bank of a proposed deficiency letter (30-day letter) or (b) by the opinion of counsel for the Bank (which opinion shall not be based solely upon (or a necessary factor for the basis of such opinion shall not be) the conclusion that the Bank is a substantial user of the Facilities within the meaning of Section 103(b)(7) (or any successor provision) of the Code, or a "related person", as defined in Section 103(b)(6)(C) (or any successor provision) of the Code) to the effect that such counsel cannot give its opinion, without materially qualifying the same, that the said interest on the Bond is excludable from gross income for Federal income tax purposes, then in the event of (a) or (b) of this subsection \_.3 the Company shall pay to the Bank three business days after demand the following amounts:

(i) an amount equal to the difference between (A) the interest that would have been payable had such interest payments been calculated at the Taxable Rate and (B) the actual amount of such interest payments, plus

(ii) the amount of penalties, additions to tax, exclusive of any taxes imposed under Section 11 (or any successor provision) of the Code, or interest assessed against the Bank on account of the inclusion of such interest payments in the Bank's gross income for Federal income tax purposes ("Additions to Tax") that are deductible by the Bank for Federal income tax purposes, plus

(iii) an amount, which after the deduction of all Federal, state or local taxes required to be paid by the Bank in respect of the receipt thereof (calculated at the maximum statutory rates applicable to the Bank) minus any tax benefit derived therefrom, shall be equal to the amount of any Additions to Tax that are not deductible by the Bank for Federal income tax purposes.

\_\_\_.4 If (a) at any time (whether before or after payment, at maturity, or otherwise, of the Bond) it is determined that any payment of interest on the Bond, or any amount in respect of interest on the Bond, as a whole or in part, is subject to the tax imposed under Sections 56 to 58 (or any successor provisions) of the Code (the "Preference Tax"), as evidenced either by an amendment to the Code or by the opinion of counsel for the Bank to that effect, and (b) the Bank pays such Preference Tax, the Company shall pay to the Bank three business days after demand the following amounts:

(i) the amount of any Preference Tax paid by the Bank, plus

(ii) the amount of any Additions to Tax (which for the purposes of this subsection \_\_\_.4 shall be deemed to refer to such penalties, additions to tax or interest as shall have been assessed against the Bank on account of the imposition of the Preference Tax) that are deductible for Federal income tax purposes, plus

(iii) an amount, which after the deduction of all Federal, state or local taxes required to be paid by the Bank in respect of the receipt thereof (calculated at the maximum statutory rates applicable

to the Bank) minus any tax benefit derived therefrom, shall be equal to the amount of any Additions to Tax that are not deductible by the Bank for Federal income tax purposes.

\_\_\_\_.5 If the Company shall have made any payments to the Bank by reason of subsections \_\_\_\_\_.1 through \_\_\_\_\_.4 hereof and if the Bank shall successfully claim for the taxable year in question that all or any part of the interest on the Bond for such taxable year is excluded from the Bank's gross income for Federal income tax purposes or that the Preference Tax is not due and payable (for this purpose a claim shall be successful only upon expiration of the statute of limitations provided by Section 6501 of the Code with respect to such taxable year), then the Bank shall pay to the Company an amount equal to all or a comparable part of such payment with respect to such taxable year in question made by the Company.

\_\_\_\_.6 All payments by the Company pursuant to this Section \_\_\_\_ shall be made to the Bank at its office set forth with its signature below in immediately available funds.

\_\_\_\_.7 The obligations of the Company under this Section \_\_\_\_ shall survive the payment in full of all sums due under the Bond and shall continue in effect until all amounts due hereunder have been paid and in any event until five days after all statutes of limitation have run (after taking into account all extensions and suspensions thereof) in respect of any taxable year during which any payment of interest on the Bond or any payment pursuant to this Section \_\_\_\_ was received or accrued.

[Form of Bank Term Note]

\$

New York, New York  
\_\_\_\_\_, 19\_\_

For value received, LINDEN CHEMICALS & PLASTICS, INC., a Delaware corporation (the "Borrower") promises to pay to the order of MANUFACTURERS HANOVER TRUST COMPANY (the "Bank") at its office located at 350 Park Avenue, New York, New York, in lawful money of the United States of America, the principal amount of \_\_\_\_\_

DOLLARS (\$ \_\_\_\_\_), payable in sixty-one (61) consecutive monthly installments payable on the last day of each calendar month in each year, commencing December 31, 1980, the first sixty of which shall each be in the principal amount of \$ \_\_\_\_\_ and the sixty-first of which, payable on December 31, 1985, shall be in the principal amount of \$ \_\_\_\_\_. The Borrower further promises to pay interest at said office, in like money, from the date hereof on the principal amount outstanding and unpaid from time to time at a fluctuating rate per annum equal to 1 1/2% above the commercial loan rate of Manufacturers Hanover Trust Company from time to time generally in effect in New York City on unsecured borrowings having a 90-day maturity by its most responsible and substantial corporate borrowers (the "MHT Rate"); provided that whenever any unpaid principal amount of this Note shall become due and payable (whether at the stated maturity, by acceleration or otherwise) interest thereon shall thereafter be paid at a fluctuating rate per annum equal to 3 1/2% above the MHT Rate. Any change in the interest rate hereon resulting from a change in the MHT Rate shall become effective on the day on which such change in such commercial loan rate occurs. Interest shall be payable monthly on the last day of each calendar month in each year, commencing December 31, 1979, and upon payment in full of the unpaid principal amount hereof.

If this Note becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of New York, the maturity thereof shall be extended

to be next succeeding business day and interest thereon shall be payable at the then applicable rate during such extension period.

This Note is one of the Bank Term Notes referred to in the Bank Loan Agreement dated as of December 11, 1979 between the undersigned, certain subsidiary corporations of the undersigned and Manufacturers Hanover Trust Company, as the same may from time to time be amended, and is entitled to the benefits thereof and may be prepaid, and under certain circumstances is required to be prepaid, in whole or in part as provided therein. Upon the occurrence of any one or more of the Events of Default specified in said Bank Loan Agreement, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable as provided therein.

This Note is secured by a First Mortgage, Deed of Trust and Security Agreement, dated as of \_\_\_\_\_, 1979 among the undersigned and Irving Trust Company, as Trustee, as the same may from time to time be amended to which reference is hereby made for a description of the nature and extent of the security for this Note and the rights of the holder of this Note with respect to such security.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

LINDEN CHEMICALS & PLASTICS, INC.

By \_\_\_\_\_  
Title: \_\_\_\_\_

[Form of Interim IDA Note]

\$

New York, New York  
December \_\_, 1979

On March 15, 1980, for value received, LINDEN CHEMICALS & PLASTICS, INC., a Delaware corporation (the "Borrower") promises to pay to the order of MANUFACTURERS HANOVER TRUST COMPANY (the "Bank") at its office located at 350 Park Avenue, New York, New York, in lawful money of the United States of America, the principal amount of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_). The Borrower further promises to pay interest at said office, in like money, from the date hereof on the principal amount outstanding and unpaid from time to time at a fluctuating rate per annum equal to 1 1/2% above the commercial loan rate of Manufacturers Hanover Trust Company from time to time generally in effect in New York City on unsecured borrowings having a 90-day maturity by its most responsible and substantial corporate borrowers (the "MHT Rate"); provided that whenever any unpaid principal amount of this Note shall become due and payable (whether at the stated maturity, by acceleration or otherwise) interest thereon shall thereafter be paid at a fluctuating rate per annum equal to 3 1/2% above the MHT Rate. Any change in the interest rate hereon resulting from a change in the MHT Rate shall become effective on the day on which such change in such commercial loan rate occurs. Interest shall be payable monthly on the last day of each calendar month in each year, commencing December 31, 1979, and upon payment in full of the unpaid principal amount hereof.

The Borrower covenants and agrees that on the date on which the IDA Bond (as defined in the Bank Loan Agreement referred to below) shall be issued and sold as contemplated in said Bank Loan Agreement or a Bank Term Note (as defined in said Loan Agreement) shall be issued pursuant to the Supplemental Bank Term Loan Commitment (as defined in said Loan Agreement), the Borrower shall prepay in full the principal of and accrued interest, to the date of such prepayment, on account of this Note.

If this Note becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of New York, the maturity thereof shall be extended to be next succeeding business day and interest thereon shall be payable at the then applicable rate during such extension period.

This Note is the Interim IDA Note referred to in the Bank Loan Agreement dated as of December 11, 1979 between the undersigned, certain subsidiary corporations of the undersigned and Manufacturers Hanover Trust Company, as the same may from time to time be amended, and is entitled to the benefits thereof and may be prepaid, and under certain circumstances is required to be prepaid, in whole or in part as provided therein. Upon the occurrence of any one or more of the Events of Default specified in said Bank Loan Agreement, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable as provided therein.

This Note is secured by a First Mortgage, Deed of Trust and Security Agreement, dated as of \_\_\_\_\_, 1979 as the same may from time to time be amended to which reference is hereby made for a description of the nature and extent of the security for this Note and the rights of the holder of this Note with respect to such security.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

LINDEN CHEMICALS & PLASTICS, INC.

By \_\_\_\_\_

Title: \_\_\_\_\_

THIS IS A SUBORDINATED OBLIGATION

[Form of Interim Salt Note]

\$2,500,000

New York, New York  
December , 1979

On June 10, 1981, for value received, LINDEN CHEMICALS & PLASTICS, INC., a Delaware corporation (the "Borrower") promises to pay to the order of MANUFACTURERS HANOVER TRUST COMPANY (the "Bank") at its office located at 350 Park Avenue, New York, New York, in lawful money of the United States of America, the principal amount of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_).

The Borrower further promises to pay interest at said office, in like money, from the date hereof on the principal amount outstanding and unpaid from time to time at a fluctuating rate per annum equal to 2% above the commercial loan rate of Manufacturers Hanover Trust Company from time to time generally in effect in New York City on unsecured borrowings having a 360-day maturity by its most responsible and substantial corporate borrowers (the "MHT Rate"); provided that whenever any unpaid principal amount of this Note shall become due and payable (whether at the stated maturity, by acceleration or otherwise) interest thereon shall thereafter be paid at a fluctuating rate per annum equal to 4% above the MHT Rate. Any change in the interest rate hereon resulting from a change in the MHT Rate shall become effective on the day on which such change in such commercial loan rate occurs. Interest shall be payable monthly on the last day of each calendar month in each year, commencing December 31, 1979, and upon payment in full of the unpaid principal amount hereof.

If this Note becomes due and payable on a Saturday, Sunday or legal holiday under the laws of the State of New York, the maturity thereof shall be extended to be the next succeeding business day and interest thereon shall be payable at the then applicable rate during such extension period.

This Note is the Interim Salt Note referred to in the Bank Loan Agreement dated as of December 11, 1979

between the undersigned, certain subsidiary corporations of the undersigned and Manufacturers Hanover Trust Company, as the same may from time to time be amended, and is entitled to the benefits thereof and may be prepaid, and under certain circumstances is required to be prepaid, in whole or in part as provided therein. Upon the occurrence of any one or more of the Events of Default specified in said Bank Loan Agreement, all amounts then remaining unpaid on this Note may be declared to be immediately due and payable as provided therein.

The Company covenants and agrees and the holder of the indebtedness evidenced hereby (such indebtedness being herein called "Subordinated Debt") by acceptance hereof likewise covenants and agrees that the payment of the principal of and the premium, if any, and interest on such Subordinated Debt now or hereafter outstanding is expressly made subordinate and subject in right of payment, to all indebtedness in respect of the principal of and the premium, if any, and interest on the 11.50% Secured Notes due December 31, 1994, of the Company, issued pursuant to the Note and Warrant Agreement, (the "Note and Warrant Agreement"), dated as of December 11, 1979, between the Company and The Prudential Insurance Company of America and the Term Note due December 31, 1985 and the Promissory Note due March 15, 1980 of the Company, issued pursuant to the Bank Loan Agreement (the "Bank Loan Agreement"), dated as of December 11, 1979, between the Company and Manufacturers Hanover (including any extension, modification, renewal or refunding of all or any part of such indebtedness, whether or not the holders of such Subordinated Debt shall have notice thereof or shall have consented thereto (all such indebtedness being hereinbelow called "Senior Debt"), and further that:

1. If there shall occur an Event of Default or Default, as defined in paragraph 10 of the Note and Warrant Agreement, Section 1 of the Bank Loan Agreement or Section 4.01 of the First Mortgage, Deed of Trust and Security Agreement, dated December 14, 1979, from the Company and its subsidiaries to Irving Trust Company and D. W. May, as Trustees, then, unless and until such Event of Default or Default shall have been cured, or unless such Event of Default or Default shall have been waived in accordance with the Note and Warrant Agreement, Bank Loan Agreement or Mortgage and such waiver shall at the time be

in full force and effect, or unless and until all Senior Debt shall be paid in full, the right of all holders or Subordinated Debt to receive or accept any payment from the Company in respect of Subordinated Debt shall be suspended (the "Suspension") as set forth below:

(a) the Suspension shall terminate, to the extent set forth in subparagraphs (b) and (c) below, upon the later to occur of the following events: (x) the expiration of 365 days from the first date on which a payment due in respect of Subordinated Debt is not made because of the Suspension, unless, prior to such expiration, a holder of Senior Debt has accelerated or otherwise declared the same to be due and payable prior to the maturity thereof, and (y) the termination of any judicial proceedings in respect of such Event of Default or Default which are being diligently pursued in good faith by one or more holders of Senior Debt;

*final disposition  
(including any  
rights of appeal)*

(b) upon the termination of any Suspension, the holders of Subordinated Debt shall be entitled to receive and, notwithstanding the provisions of paragraph 2 hereof, to retain all unpaid principal and interest in respect of such Subordinated Debt that have accrued without giving effect to any acceleration of the maturity thereof or declaration that the same is due and payable before the stated maturity thereof, and, thereafter, such holders shall be entitled to receive current payments of principal and interest notwithstanding the continuance of such Event of Default or Default; and

(c) the provisions of subparagraphs (a) and (b) of this paragraph 1 limiting a Suspension shall not be applicable to any Subordinated Debt the maturity of which has been accelerated or which has otherwise been declared to be due and payable prior to the stated maturity thereof.

2. In the event that any holder of Subordinated Debt shall receive any payment on Subordinated Debt which it is not entitled to receive under the provisions of the foregoing paragraph 1, it will hold any amount so received in trust for the holders of Senior Debt and will forthwith

turn over such payment to such holders of Senior Debt to be applied on Senior Debt, ratably according to the respective aggregate amounts remaining unpaid thereon, until all Senior Debt has been paid in full; provided, that any such amount that has been received by a holder of Subordinated Debt that is not aware that an Event of Default or Default has occurred and is continuing, need not be held in trust for more than the longer of (x) one year after it has been received by such holder, or (y) 20 days after receipt by the holders of such Senior Debt of a report of independent auditors for the Company covering the period during which such payment was made and advising whether their review has disclosed an Event of Default or Default; and such amount need not be turned over as provided in this paragraph 2 unless, prior to the end of the longer of such periods, such holder has received written notice from the Company or from any holder of Senior Debt that an Event of Default or Default has occurred and is continuing.

3. No holder of Subordinated Debt will commence any action or proceeding against the Company to recover all or any part of the Subordinated Debt or join with any creditor, unless the holder or holders of at least 66-2/3% in principal amount of all Senior Debt shall also join, in bringing any proceedings against the Company under any bankruptcy, reorganization, readjustment of debt, arrangement of debt, receivership, liquidation or insolvency law or statute of the Federal or any State government unless and until Senior Debt shall be paid in full.

4. In the event of any liquidation, dissolution or other winding up of the Company, or in the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization or arrangement with creditors, whether or not pursuant to bankruptcy laws, sale of all or substantially all of the assets or any other marshalling of the assets and liabilities of the Company, (i) all Senior Debt shall first be paid in full before any holder of Subordinated Debt shall be entitled to receive any moneys, dividends or other assets in any such proceeding, and (ii) each holder of Subordinated Debt will at the request of any holder of Senior Debt file any claim, proof of claim or other instrument or similar character necessary to enforce the obligations of the Company in respect of Subordinated Debt and will hold in

cept to  
enforce  
its rights  
under  
paragraph  
1(b) after  
the termina-  
tion of any  
suspension

trust for the holders of Senior Debt and pay over to the holders of Senior Debt to be applied on Senior Debt, ratably according to the respective aggregate amounts remaining unpaid thereon, any and all moneys, dividends or other assets received in any such proceeding on account of Subordinated Debt, unless and until all Senior Debt shall be paid in full. In the event any holder of Subordinated Debt shall fail to take such action requested by any holder of Senior Debt, any holder of Senior Debt may, as attorney-in-fact for such holder of Subordinated Debt, take such action on behalf of such holder of Subordinated Debt and each such holder of Subordinated Debt hereby appoints each holder of Senior Debt as its attorney-in-fact to demand, sue for, collect and receive any and all such moneys, dividends or other assets and give

acquittance therefor and to file any claims, proof of claim or other instrument of similar character and to take such other action (including acceptance or rejection of any plan of reorganization or arrangement) in the name of such holder of Senior Debt or in the name of such holder of Subordinated Debt as such holder of Senior Debt may deem necessary or advisable for the enforcement of the agreement contained herein; and each holder of Subordinated Debt will execute and deliver to each holder of Senior Debt such other and further powers of attorney or other instruments as any holder of Senior Debt may request in order to accomplish the foregoing.

5. Notwithstanding the fact that one or more holders of Senior Debt agree with the Company, without the consent of or notice to any holder of Subordinated Debt, at any time or from time to time, to do any of the following:

(a) change the amount, manner, place or terms of payment or change or extend the time of payment of or renew or alter Senior Debt or amend the Note and Warrant Agreement and Bank Loan Agreement in any manner or enter into or amend in any manner any other agreement relating to Senior Debt (including provisions restricting or further restricting payments of Principal of and interest on Subordinated Debt);

(b) sell, exchange, release or otherwise deal with any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, Senior Debt;

(c) release anyone liable in any manner for the payment or collection of Senior Debt;

(d) exercise or refrain from exercising any rights against the Company and others (including any holder of Subordinated Debt); and

(e) apply any sums by whomsoever paid or however realized to Senior Debt;

such holder or holders of Senior Debt shall not thereby incur any responsibility to any holder of Subordinated Debt and such action shall not impair or release any of the rights of any holder of Senior Debt or any of the obligations of any holder of Subordinated Debt hereunder.

6. Nothing contained in this Note shall impair, as between the Company and the holder of any Subordinated Debt, the obligation of the Company, which is absolute and unconditional, to pay the holder thereof the principal thereof and the premium, if any, and interest thereon as and when the same shall become due and payable.

This Note is secured by a Second Mortgage, Deed of Trust and Security Agreement, dated as of December 13, 1979, as the same may from time to time be amended to which reference is hereby made for a description of the nature and extent of the security for this Note and the rights of the holder of this Note with respect to such security.

This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

LINDEN CHEMICALS &  
PLASTICS, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

THIRD AMENDMENT, dated as of December \_\_, 1979 between LINDEN CHEMICAL & PLASTICS, INC., a Delaware corporation, formerly known as LINDEN CHLORINE PRODUCTS, INC. (the "Company") and MANUFACTURERS HANOVER TRUST COMPANY (the "Bank") to the Common Stock Purchase Warrant issued by the Company to the Bank on August 22, 1972, as amended on November 15, 1976 and as further amended by the Second Amendment thereto, dated as of September 30, 1978 (said Warrant, as so amended, being hereinafter referred to as the "Warrant").

1. Preliminary Statement. On August 14, 1972, the Company issued and delivered to the Bank a Common Stock Purchase Warrant for the purchase of 150,000 (subject to adjustment and reduction as provided therein) shares of Common Stock \$.10 par value of the Company. The Warrant was issued by the Company pursuant to a Credit Agreement, dated as of August 24, 1972, between the Company and the Bank as a condition to the making of loans thereunder and on the date of the initial loan thereunder the Company borrowed \$4,500,000 pursuant to the terms of said Credit Agreement so that the number of shares of Common Stock of the Company subject to the Warrant was not reduced pursuant to Section 20 of the Warrant. The Warrant was valid until July 31, 1977.

On November 15, 1976, the Warrant was amended to provide that its validity be extended to July 31, 1982. On September 30, 1978, the Warrant was further amended to provide that its validity be extended to January 31, 1984.

As of the date of this Third Amendment, the Company is simultaneously entering into a Bank Loan Agreement (the "Bank Loan Agreement") with the Bank providing for the making by the Bank to the Company of Loans in an aggregate principal amount not to exceed \$14,500,000 at any one time outstanding of which the final maturity is stated to be December 31, 1985. It is a condition of the first borrowing under the Bank Loan Agreement that, among other things, the Company execute and deliver this Third Amendment extending the expiration of the Warrant to 3:30 P.M., New York City time, on December 31, 1985.

Terms defined in the Warrant are used in this Third Amendment with their defined meanings.

2. Amendment to Warrant. The Warrant shall be and hereby is amended by deleting the date "January 31, 1984" appearing (a) in the legend on page 1 of the Warrant, (b) in line 9 of the first paragraph of the Warrant and (c) in Section 21 of the Warrant and substituting in each instance, in lieu thereof, the date "December 31, 1985".

3. Miscellaneous. This Third Amendment is executed as and shall constitute an amendment to the Warrant and shall be construed in connection with and as a part of the Warrant and all the terms of the Warrant, as amended by this Third Amendment are hereby ratified, confirmed and approved.

4. Effect Limited. Except as expressly amended herein, all of the covenants and provisions of the Warrant are and shall continue to remain unamended and in full force and effect.

5. Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

LINDEN CHEMICAL & PLSATICS, INC.

By \_\_\_\_\_  
Title:

MANUFACTURERS HANOVER TRUST  
COMPANY

By \_\_\_\_\_  
Title:

EXHIBIT E

[Intentionally omitted from this copy of the Agreement.]

**EXHIBIT F**

[Intentionally omitted from this copy of the Agreement.]

BORROWING CERTIFICATE

Each of the undersigned corporations in connection with the loans requested to be made to LINDEN CHEMICALS & PLASTICS, INC., a Delaware corporation (the "Company") under the Bank Loan Agreement among the undersigned corporations and Manufacturers Hanover Trust Company (the "Bank"), dated as of December \_\_, 1979, hereby certifies as follows:

1. All representations and warranties of the Borrowers set forth in Section 3 of said Bank Loan Agreement are true and correct on and as of the date hereof.

2. No Default or Event of Default (as defined in the said Bank Loan Agreement) is in existence on the date hereof or shall occur as a result of any loan being requested to be made on the date hereof.

IN WITNESS WHEREOF, the undersigned corporations by their duly authorized officers have executed this Certificate on the \_\_\_\_\_ day of \_\_\_\_\_, 1979.

LINDEN CHEMICALS & PLASTICS,  
INC.

By \_\_\_\_\_  
Title:

LCP CHEMICALS-GEORGIA, INC.

By \_\_\_\_\_  
Title:

LCP CHEMICALS-NEW JERSEY, INC.

By \_\_\_\_\_  
Title:

LCP CHEMICALS-NEW YORK, INC.

By \_\_\_\_\_  
Title:

LCP CHEMICALS-NORTH CAROLINA, INC.

By \_\_\_\_\_  
Title:

LCP PLASTICS, INC.

By \_\_\_\_\_  
Title:

LCP TRANSPORTATION, INC.

By \_\_\_\_\_  
Title:

PLASTICS INDUSTRIES, INC.

By \_\_\_\_\_  
Title:

MANUFACTURERS HANOVER TRUST  
COMPANY

By \_\_\_\_\_  
Title: